

# Herald Tribune

Published with The New York Times and The Washington Post

No. 29,843

PARIS, WEDNESDAY, JANUARY 24, 1979

Established 1887

## Blizzard, Walkouts Paralyze Britain

**LONDON, Jan. 23** — Striking locomotive engineers halted Britain's railroads today for the third time in a week, coinciding with the worst blizzard to hit the nation in 15 years, left London virtually deserted.

The blizzard blocked highways, closed airports, disrupted bus and subway services and added to the misery of commuters struggling to get to work.

Tens of thousands of London commuters simply abandoned the effort and stayed home. Most stores and offices were manned by skeleton staffs, if at all. Streets were almost as deserted as on a public holiday.

London's two major airports, Heathrow and Gatwick, were closed most of the day as limited snow-clearing equipment tried to clear the runways. From two to five inches of snow fell overnight and more was expected during the day.

"We cannot afford to have this sort of disruption every time there is a small fall of snow," said a senior British Airways official as airlines complained about the British Airport Authority's snow clearance.

Normal commuting was made nearly impossible as 26,000 locomotive engineers held a one-day national strike for the third time in eight days. They are asking for a 6-percent responsibility bonus, another 24-hour work halt is scheduled for Thursday.

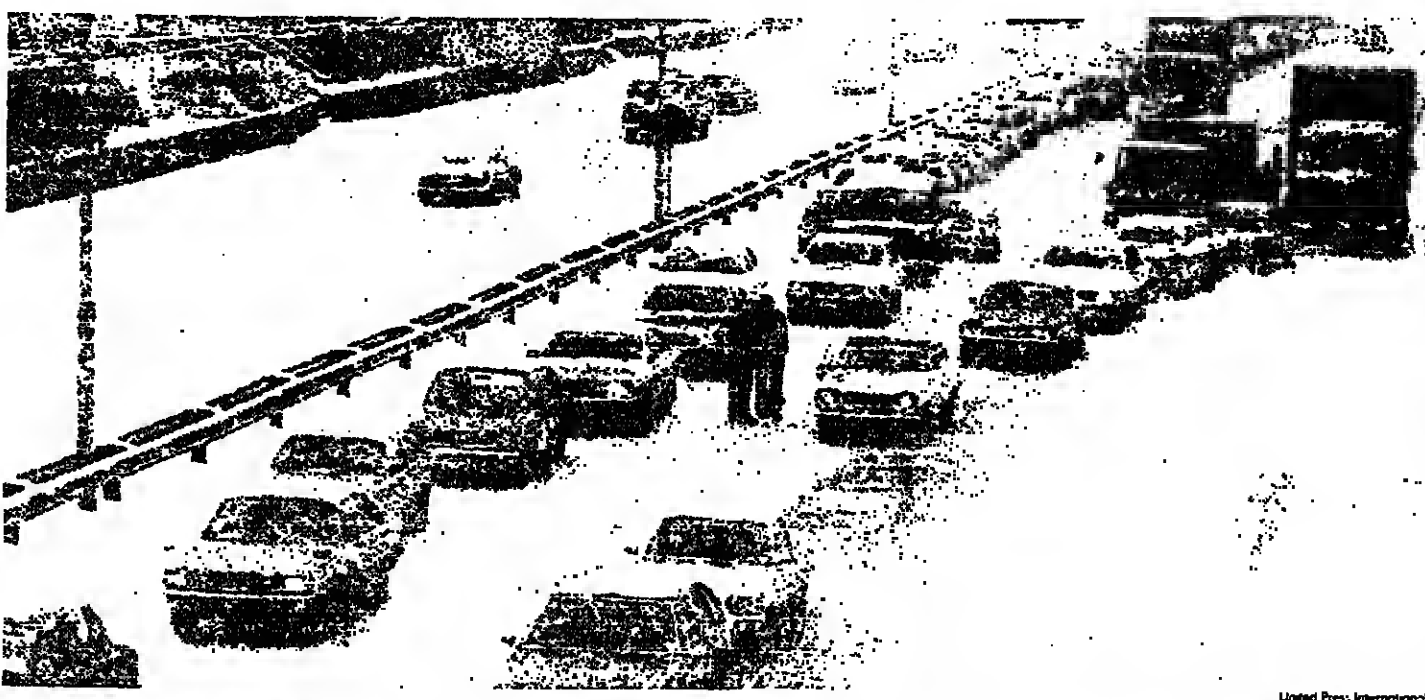
**Long Traffic Jams**

Millions who normally ride the rails resorted to cars, buses or bicycles to get to work. Miles of traffic jams built up on treacherous roads left stranded because some transport workers continued a one-day public-service strike held yesterday.

Amalgamated drivers, among 1.5 million public service employees who held the one-day work action, continued today to refuse non-emergency work in some parts of Britain.

Representatives of London's 300 ambulance drivers agreed today to resume answering emergency calls. The government ordered 60 ambulances into the city yesterday to provide service.

The public service strike included ambulance crews, hospital cleaners, porters and kitchen staffs. (Continued on Page 2, Col. 1)



Commuter traffic at Bexley outside London moves at a snail's pace as snow adds to the effects of Britain's rail strike.

### News Analysis

## Long Labor Conflict at Core of U.K. Unrest

By Murray Seeger

**LONDON, Jan. 23** — The labor unrest here is a continuation of a series of government-union conflicts that have haunted Britain for the last decade.

Governments of both major parties have attempted to reform the country's labor-relations system to make the economy more efficient and competitive.

Most attempts have failed, leaving British industry at a severe disadvantage against foreign competition. Although British wages are the lowest among the major European industrial countries, manufacturers cannot take full advantage of this situation because output is so low.

Former Prime Minister Harold Wilson in 1969 first tried to reform the labor laws, but was defeated within his own Labor Party.

Conservative Prime Minister Edward Heath was able to change many labor laws, but was forced from office in 1974 when the mine workers union successfully defied the government with a long strike.

**Close Collaboration**

Mr. Callaghan seemed more successful than either of his predecessors by taking the powerful Trades Union Congress into close collaboration with his government in a new policy to fight runaway inflation. In return for the union's cooperation, the Labor Party passed laws authorizing closed union shops and secondary picketing and boycotts.

The effect was to give unions power over who works on many jobs and to give pickets the power to close establishments that are not involved in disputes. Pickets are the chief cause of distress from the long-running truck drivers strike since they can effectively close any business.

Mr. Callaghan did get the unions to accept restraints on new wage demands for three years. He cut the country's inflation rate from 27 percent in 1976 to 8 percent last year.

This year he attempted to impose a limit of 5 percent on pay increases and was almost immediately rebuffed by his own party, the unions and many corporations.

The government was unable to impose effective sanctions against those groups that broke the rules and a new wave of labor agitation started with the new year, hitting a peak this week.

**Unrest's Target**

This unrelentingly low wage target was considered a serious mistake by most political experts, since it had no chance of being enforced and was unfair to many lower paid workers.

In addition, Mr. Callaghan apparently made a mistake in not calling a new election last year when the success of his anti-inflation policy became clear. He might have won a new mandate to govern for five years. Now, he is hanging on to power with the help of small fringe parties and must call an election before November.

The latest polls indicate that the Conservatives have enough support to elect an effective government. The prime minister has often won battles with the unions by warning that they would suffer if the Labor government were replaced by the Conservatives.

Last weekend, government and Trades Union Congress leaders agreed to make a new attempt to agree on a price and wages policy, but many critics feel the government and union officials have lost control of their constituencies.

Speaking at a luncheon yesterday, Mr. Callaghan said, "I hope you do not believe we are dismayed or disheartened."

"The government will continue patiently with its discussions to get the common approach, but no one can relieve the government of its responsibility to the community as a whole. One thing certain is that we will not be panicked into taking measures until it is necessary to do so. Gestures are not the best way to handle this kind of situation."

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### Camps Shelled in Retaliation

## Palestinians Hit Israeli Village

**TEL AVIV, Jan. 23 (UPI)** — Palestinian guerrilla attacks on settlements in northern Israel today with a rocket barrage, and Israeli gunners retaliated almost immediately by shelling two guerrilla camps near the Lebanese port of Tyre.

After Israel's long-range artillery and gunboats opened up, the Palestinians returned fire, and Israeli gunners retaliated almost immediately by shelling two guerrilla camps near the Lebanese port of Tyre.

The Associated Press reported that three civilians were killed and 11 wounded.

The shelling is so intense around Tyre that it has not yet been possible to clear all of the wounded from the streets, "according to a witness."

Ambulances screamed along the roads of the guerrilla-controlled port and general pandemonium gripped the city as the Israeli guns systematically pounded their targets, he said.

The action followed a Palestinian rocket attack earlier today on the north Israeli town of Kiryat Shmona. It also coincided with a warning from Israel's Defense Minister Ezer Weizman that civilian targets would be fair game in Lebanon if the Palestinians continued to maintain innocent Israeli lives.

Hundreds of pupils in a school in Kiryat Shmona narrowly escaped the rocket attack. They had just fled to shelters when one of the Soviet-made Katyusha rockets splintered their classroom.

The shelling occurred a day after a car bomb — reportedly the vehicle was packed with explosives and rigged to detonate by remote con-

trol — in Beirut killed a leading Palestinian official, Ali Hassan Salameh, the guerrilla held responsible by Israel for the massacre at the 1972 Munich Olympics.

The escalation of fighting in southern Lebanon pitted the Christian rightists, who were supported by Israel's firepower, against Palestinian guerrillas in the Marjayoun border enclave and around the southern town of Nabatieh, 9 miles from the Israeli border.

In Jerusalem, meanwhile, U.S. envoy Alfred Atherton Jr. met with

**Bonn Says Spies**

**Relayed Key Data**

**To East Germany**

**Four spies arrested after the defection of a leading East German secret police official have betrayed important military and scientific secrets to the Communists, Federal Prosecutor Kurt Rebmann said yesterday.**

Mr. Rebmann said that the four spies, as well as at least another still at large, had passed on secrets to East Germany during their years in the West. But he said that their arrests, the result of information given to police by the East German defector, had also done serious damage to the Communist espionage network in West Germany.

Five spies were arrested after the defector, whose identity is being withheld, fled to West Berlin Friday with his wife and child. One of the five escaped Saturday while being driven to jail.

### If Army Blocks Him

## Khomeini Pledges To Fight for Power

**TEHRAN, Jan. 23 (UPI)** — Ayatollah Ruhollah Khomeini warned from exile today that his supporters would fight if the shah's army tried to stop him from seizing power in Iran and returning the nation to Islamic rule.

The Moslem leader's chief aide here said the ayatollah would announce the formation of a revolutionary council immediately on his return from exile in France on Friday, the first step in his plan to gain control of the nation and form an Islamic republic.

"It's not going to be like Libya or Saudi Arabia," said the aide, Mehdi Bazargan, "but rather like the Islamic government we had in the first 10 years of Mohammed and the Caliphate of Ali."

Ali, who lived in the seventh century, founded the Shiite Moslem sect of which Ayatollah Khomeini is leader and to which most of Iran's 33 million people belong.

If Premier Shahpur Bakhtiar does not resign voluntarily, Mr. Bazargan said, nationwide strikes will continue until they strangle his government.

**Army Backing for Shah**

As the ayatollah's supporters projected their vision of Iran's future, the "Immortals Brigade" of the army's imperial guard staged a show of force intended to warn the nation's feuding political leaders that the military recognizes no leader other than the exiled shah.

Troops sang and chanted for the shah's return and his continued good health, and brigade officers told reporters, "The troops will always be here, ready to shed their blood for him."

Mr. Bakhtiar, who has vowed not to resign, and his civilian government were caught by pressures from both sides — the Khomeini opposition and the military.

In another development, the premier was negotiating with striking employees of the national airline

on plans for the return from Paris of Ayatollah Khomeini, who has declared his mission is to oust Mr. Bakhtiar's "illegal" government.

From France, the ayatollah said Mr. Bakhtiar was trying to obstruct his return. Officials in Tehran said the premier was trying to get the airline workers to restore all service including a special plane for the ayatollah.

Ayatollah Khomeini, in an interview with Iranian journalists in

(Continued on Page 2, Col. 5)

### Rather Than Visit U.S.

## Sources Say Shah Accepts Sadat Bid to Stay in Egypt

By Christopher S. Wren

**CAIRO, Jan. 23 (NYT)** — The Shah of Iran has accepted an invitation from President Anwar Sadat to take up residence in Cairo after his current visit to Morocco, it was reported today.

A well-placed Egyptian source, in confirming the report, said that he understood that Shah Mohammed Reza Pahlavi wanted to stay in the region because he believed that a confrontation was looming between Premier Shahpur Bakhtiar and Ayatollah Ruhollah Khomeini, the Shiite Moslem leader who is to return from exile in France on Friday. The shah believed that this might produce an opportunity for him to return home and reassert authority, the source said.

Egypt is the country nearest to Iran to offer hospitality to the shah since he left a week ago.

**No Decision**

[A spokesman for the shah said that no decision has been made on that invitation or on any of the other options open to him, the Associated Press reported from Marrakesh.]

Mr. Sadat's official spokesman was quoted today by the Cairo newspapers al-Ahram and al-Akhar as saying that the shah was invited before he departed for Morocco yesterday to "spend the larger part of his vacation in Egypt" and to undergo medical tests here. The nature of such tests was not disclosed.

The spokesman said that the shah had accepted and offered to pay the costs of his future stay on grounds that he felt he was among relatives in Egypt and not just a guest.

### Egypt Offers Security

Egypt also was attractive because of the heavy personal security that Mr. Sadat could offer, an official said. And the shah reportedly enjoyed being treated as a head of state, as Mr. Sadat had done, rather than as a deposed ruler.

Meanwhile, some details emerged today of the shah's six-day seclusion in the Egyptian resort town of Aswan, which he left yesterday. A virtual news blackout was imposed during his stay.

The shah was described by witnesses as having been extremely depressed for his first two days but his confidence gradually returned until, as one insider put it, "he was behaving like a king."

The shah reportedly produced maps with which to brief Mr. Sadat about the Soviet threat that he perceived to the region. And he advised Mr. Sadat that he intended to avoid his "mistakes." The shah described these as having been misled by subordinates about the true mood among the people, according to an inside account.

Street reaction to the announcement today indicated that, while many people took it in stride, some were agitated that Mr. Sadat would take in the shah for an indefinite period when he already was having problems with the rest of the Arab world over his efforts to reach peace with Israel. There was some concern that the shah's presence might result in further isolation of Egypt.

### Negative Reaction

A university student said that her friends "don't like the idea of a leader who was kicked out by his own people coming here and being welcomed by Sadat." Another student said that "receiving him once is enough."

A secretary working in a downtown bank worried that "this can have a bad effect on our political situation with the new government of Iran. Even the United States, which always supported the shah, did not invite him to stay on. Why should we?"

Mr. Sadat is unlikely to tolerate the sort of overt displeasure that has been seen in Iran or even in Los Angeles recently. Last Friday, Egyptian police raided the headquarters of the small leftist political party and confiscated, among other items, a party statement criticizing the shah as a visitor who was unwelcome in other Arab countries. Last weekend, a young teacher was arrested as he handed out copies of the statement.

It was unclear why Mr. Sadat, after hosting the shah in Aswan for almost a week, wanted him to set up residence here. Officials here have explained that the Egyptian president was deeply grateful for the money, oil, and buses that the shah had given Egypt in the wake of its 1973 war with Israel. A theory among a few younger Egyptians was that Mr. Sadat had made a *pro forma* offer of further hospitality and the shah had seized upon it.

### Welcome in U.S.

**WASHINGTON, Jan. 23 (UPI)** — The State Department said today that the shah is still welcome in the United States, but U.S. officials, describing the monarch as "a sensitive issue," said no direct invitation has been issued by President Carter.

### Despite U.S. Testimony on Mind Control

## Cult Leaders Deny Use of Brainwashing

The following is the last article in a series on cults in the United States. It is based on reporting by Jo Thomas and Nathaniel Sheppard Jr. It is written by Miss Thomas.

**NEW YORK, Jan. 23 (NYT)** — Thomas Paris was 20 years old, at the crossroads of youth and adulthood. He had grown tired of college life in Ohio and set out for the West Coast in search of truth and purpose.

As he eased his van along the winding Oregon coast highway, he asked up three hitchhikers who appeared poor but seemed at peace with themselves and the world — the way he would have liked to be, he said. Their names were Innocence, Diligence and Zeal.

They said they followed Love and, a man who headed a Christian family that lived faithfully by its principles of the New Testament.

Mr. Paris followed the men in cattle and joined their Church of Unagitated. A few months later, in Jan. 14, 1972, he watched two members, Solidarity and Reverence, lose consciousness and die during a ritual in which they inhaled fumes from toluene, an industrial solvent used for breaking down rubber.

"Love Israel did nothing," Mr. Paris recalled. "He wouldn't call police or emergency squad. He told us to pray over them and at that time they were in three days. He explained the incident by saying they had not been strong of faith. We were so minuscule nobody questioned it."

Mr. Paris is one of many former cult members who say they were victims of mind control. Cult leaders deny that they practice brainwashing, and, despite the sting that mind control received as a legal issue in the Charles Manson and Patricia Hearst trials, it is a question that local and federal authorities have been loathe to confront, especially in the conduct of such groups protected by law from interference in the practice of their beliefs.

A number of persons who have studied cults compare their tech-

niques with the brainwashing methods — isolation, sensory deprivation, forced confession — used on U.S. prisoners of war in Korea.

Dr. John Clark, assistant clinical professor of psychiatry at the Harvard Medical School at Massachusetts General Hospital, has examined about 60 former and present cult members and has talked with hundreds of their relatives during a five-year period. He said that "coercive persuasion and thought reform techniques are effectively practiced on naive, uninformed subjects with disastrous health consequences."

A series of interviews by The New York Times with leaders, members and former members of cults, as well as with their relatives

and with persons who have studied such groups, showed that cults employ similar techniques in attracting, keeping and manipulating converts.

When recruiting new members, former members said, the cults look for bewildered youths who showed signs of being transient or troubled. A former member of the Unification Church, who now lives in Berkeley, Calif., said: "We recruited everywhere — bus terminals, airports, college campuses, and even around military bases, especially naval bases with a lot of changing traffic. Anywhere there would be a lot of kids."

Dr. Clark attributes the cults' recruitment success to their ability to

(Continued on Page 2, Col. 2)

## West German Couple Finds 'Holocaust' Series Is Not a Monster

By John Vinocur

**COLOGNE, Jan. 23 (NYT)** — With the baby in bed, a bottle of white wine and a bowl of pistachio nuts on the table, Hans-Christoph von Lindeiner and his wife, Ursula, sat in front of the television last night and turned on "Holocaust."

They quite literally sucked in their breath. They expected a parade of shouting, caricatured Germans, noble, one-dimensional Jews, a kaleidoscope of Hollywood kitsch, and cloying background music — an evening that some of their friends were already calling a lesson in enforced penitence imposed on West Germany by its postwar friends.

More than two hours later, at the end of the first segment of the U.S. series on the Nazi annihilation of Europe's Jews, which dramatizes the rise of the Semitism in Germany and the first steps toward the Jews' liquidation, Mr. Von Lindeiner, a 34-year-old tax lawyer, sighed and looked toward his wife.

"Do you know what I think?" he said, in his soft but precise way. "It's surprising. It's surpris-

ingly right. I feared it would be one of those Technicolor monsters, but it has something more."

Mrs. Von Lindeiner, who also has a law degree, nodded. "It was really quite good, you know. Things were a millimeter off for a German audience every now and then, but your intelligence was never insulted. And it did get to your emotions — mine, at least, and that is terribly important."

Indications of how the program was received by other Germans watching "Holocaust" on the country's regional channels seemed to follow a pattern that was not far from the Von Lindeiners' reaction.

At the headquarters here of Westdeutscher Rundfunk, which was in charge of the regional broadcast, officials reported that there were more than 6,000 telephone calls about the program. One-third, particularly those in the early hours, complained about "Holocaust" opening old wounds, but later the calls were said to be much more favorable. Some of the callers were in tears. "How could we have done this?" and "We had in know, didn't

*'It isn't the snarling and barking of war movies but the detached sound of officials whose voices are no different than those of businessmen and civil servants'*

we?" were some of the remarks. Joachen Stinauer, a spokesman for the station, said that the response was unprecedented, but that he would be unable to furnish comparative program ratings for the evening because of a computer failure. These ratings have been a central part of the debate about the "Holocaust" because some critics have suggested that putting the series on the regional channels, in competition against the main national network, was a way of paying lip

service to the idea of broadcasting it without really trying to attract a broad audience.

The German producers of the series have said that they would be satisfied with a 15-percent share of the audience.

Those who do watch "Holocaust" here are probably seeing a better version of the series than the one U.S. viewers got. Although virtually nothing has been edited, the action moves more quickly because there are no commercial interruptions.

Dubbing the actors' voices into German also has a remarkable effect. The Nazis are perhaps more believable, and less an aberration because they are speaking their own language. It is not the snarling and barking of many war movies, but the cool, quiet detached sound of government officials whose voices, at least, are no different than those of today's West German businessmen and civil servants.

For an American who watched "Holocaust" with Mr. and Mrs. Von Lindeiner, there was something terribly chilling about the German sound track. It removed the barrier of ridicule that often has surrounded the characterization of Nazis, and made them and their victims vastly more real.

Mr. Von Lindeiner, whose father was a career officer in the Wehrmacht, mentioned being particularly struck by three aspects of the first segment. One was the inability of the series' German-Jewish family to deal with the reality of the situation, always hoping that things would get better; a scene where German

soldiers were shown watching Jews being burned alive in a synagogue, and the characterization of the up-and-coming young Nazi, Erich Dorf.

"Dorf was extremely well portrayed," he said. "That baby face, that ambition, the desire to please superiors, the opportunism! There were so many people like him who were careerists."

Many young Germans, Mr. Von Lindeiner said, would have no difficulty, with a bit of introspection, identifying with Dorf's opportunism.

Mr. Von Lindeiner explained that if "Holocaust" had been shown five years ago, he probably would not have watched it because he would have thought that he had seen enough documentaries about the subject. But reading Alexander Solzhenitsyn's "Gulag Archipelago" had affected him, as had newspaper reports about a major West German publisher, Propyläen, bringing out a history book that minimized the Nazi pogroms.

"That was quite enough for

(Continued on Page 2, Col. 5)



## In Membership Dispute

## Rejectionists Refuse To Rejoin PLO Unit

DAMASCUS, Jan. 23 (AP) — The Palestine Liberation Organization's parliament, gathered here under a banner of unity, ended a weeklong session early today after failing to agree on the key issue of membership on the ruling executive committee.

The Palestine National Council retained Yasser Arafat as chairman of the PLO, but the influential rejectionist bloc did not rejoin the ruling body as expected.

"We were not able to achieve practical organizational reform," said a spokesman for Dr. George Habash's Popular Front for the Liberation of Palestine, leader of the hardline rejectionists.

But the spokesman, Bassam Abu Sharif, also said that significant agreements had been reached, and he refused to regard the leadership impasse as a blow to national unity.

But another radical group, the Democratic Front for the Liberation of Palestine, blamed Mr. Arafat's el-Fatah faction for the standoff, saying that it contradicted the spirit and letter of the national unity program approved unanimously by the Palestine National Council.

## Effects of Impasse

The impasse seems certain to undermine the unification plans hoped for among the PLO's eight major groups.

Shortly before the council wound up its business, it learned of the assassination in Beirut of Mr. Arafat's protégé in el-Fatah, Ali Hassan Salameh.

The PLO council, which last met two years ago, achieved some breakthroughs. Among them:

- It worked out at least a minimal plan for coordinating military action among the eight factions.

- It took a strong stand against the Egyptian-Israeli peace program, closing the door on any PLO role in it.

## Britain Is Paralyzed

(Continued from Page 1)

street cleaners and garbage collectors, public car park guards, grave diggers, crematorium workers and sewer workers.

Although the walkout was to have ended today, thousands of strikers — who are demanding a 40-percent pay hike on their average \$90-a-week pay — stayed off the job.

Britain's strikes have been prompted in part by the Labor government's policy that pay raises by kept to a 5-percent increase to combat inflation.

The government estimated today that between 175,000 and 200,000 workers have been laid off so far as a result of an 11-day-old national strike by 100,000 truck drivers. The strike has blocked ports and factories and hit food, raw materials and imports and exports.

## Leftist Suspect Taken to Milan

MILAN, Jan. 23 (AP) — Renato Curcio, a founder of the Red Brigades, was transferred yesterday from Sicily to Milan for trial.

The pilot of the plane ordered police to leave their weapons with him during the flight since armed passengers are not allowed on commercial flights. Police agreed but Mr. Curcio was kept handcuffed throughout the voyage.

Mr. Curcio was transferred here to stand trial on charges of armed assault on a police officer during his capture three years ago.

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## The American Community Schools

N°8 ENGLISH AS A FOREIGN LANGUAGE

The American Community Schools offer a specialist English program for overseas students at each of their seven schools. Courses are specially adapted to the student's grade level. Boarding accommodation is available at the Hillington Court School.

For details of all seven schools, contact: The Registrar, Dept. YEF, American Community Schools, 5 Cromwell Place, London S.W.7 2JP



Daniel Kelly and his family wave happily in a Hong Kong street before embarking for their flight to the United States yesterday.

His wife, Flora, is at the center, surrounded by the couple's two daughters and one son, and his mother is at right.

## Refused to Renounce Citizenship

## American Quits China for Unknown Home

SEATTLE, Jan. 23 (UPI) — Daniel Kelly, confined to forced labor camps in China for 21 years because he would not renounce his U.S. citizenship, stepped on the soil of his motherland for the first time today, saying he was home for good.

Mr. Kelly, 38, born in China of an American missionary father and a Chinese mother, arrived in Seattle with his Chinese wife, Flora, their three children and his 74-year-old mother.

"It's wonderful, fascinating," he said. "It's what I always was dreaming of. This is what I fought for."

During a lengthy airport press conference before flying on to Plainfield, Ind., to join his sister, Elizabeth Peabody, Mr. Kelly said he had never once considered ac-

commodating the Chinese by giving up his citizenship.

"Since I was a boy, I dreamed of going home to America," he said. "I knew that I was an American. I didn't feel Chinese. I think in English, and when I was alone, I talked to myself in English. I stuck to my gun."

Earlier, before boarding his flight in Hong Kong, Mr. Kelly said: "Everything I know about America comes from books — and most of it is pre-1950s. But I won't be surprised no matter what I find."

Mr. Kelly's father was allowed to remain in Peking after the Communist takeover in 1949. After he died in 1955, officials unsuccessfully tried to get the son to renounce his citizenship. His labor camp life began in 1957, after border guards captured him during an attempt to swim to Macao.

Mr. Kelly met his wife, a nurse, while on medical leave in Peking. After their marriage — which cost her her job — he returned to "labor education" and saw her only on annual trips to Peking.

Asked if it wouldn't have been easier for him to accept Chinese citizenship, he replied:

"It was worth it [not to give in] because if I make up my mind to do something, I do it — even if I die for it."

Mr. Kelly said the time he spent in Hong Kong after finally winning release from China helped prepare him for his first day in the United States.

"If I'd come direct from Peking I guess I would be in a nervous breakdown," he laughed while going through the immigration office. "Hong Kong was a good stepping stone."

Mr. Kelly said his sister and the U.S. State Department had been

working to get him a passport to leave China since 1973, shortly after former President Richard Nixon's historic visit.

Technically, he said, he was granted only a one-year leave to visit his sister. Asked if he would have to return at the end of the year, he said: "What do you think?"

"They know I'm not going back. This is the way they work it. It's face saving."

During the news conference, Mr. Kelly sat comfortably in a large executive chair behind a big desk, furnished with the old, gray wool suit coat a friend in Hong Kong had given him and khaki U.S. Army pants he said he had saved from supplies parachuted into China during World War II.

He said he would like to return to China sometime in the future, but only as a visitor to see what changes have occurred. "I hope there are changes," he said.

He said the normalization of diplomatic relations between the United States and China should be good for the Chinese people.

"That was heartless [in China]," he said. "The man in the street, everyone, was glad."

Asked what he hoped to do in the United States, Mr. Kelly said it would take some time to determine how he would make a living. He explained that his years of manual labor on Chinese farms had not prepared him for any profession.

"Perhaps I can teach Chinese," he added. "My Mandarin [the formal language of China] is very good. My dialect is perfect."

He said he would also like to work at helping improve U.S.-China relations. "If I could be of any help in the West understanding China and China understanding the West, I would."

## Khomeini Pledges Fight for Iran Power

(Continued from Page 1)

Paris that was published in Tehran, was asked what he would do if the army tried to stage a coup.

"We will fight," he said.

Asked what his policy would be toward the Communists, he said: "All liberties will be guaranteed unless there is something which we consider not to be in the national interest."

Communist leaders in Iran have spoken approvingly of the ayatollah's policies recently. The Communists joined with Ayatollah Khomeini's religious movement during one year of revolt against the shah, but their cooperation could fall apart now that the shah is gone.

Mr. Bazargan, Ayatollah Khomeini's deputy in Iran, said the ayatollah would first announce a

revolutionary council in a speech in Tehran's national cemetery, then appoint a caretaker government to run the new Islamic regime. He promised eventual free elections.

Mr. Bakhtiar "has no power to resist the revolution," Mr. Bazargan said. "He must resign and put himself at the disposal of the revolution. I expect that he will take the most reasonable way out and resign. He can't rule the country. The strikes would go on."

Ayatollah Khomeini's aide has been holding secret talks with army chiefs, trying to pave the way for the ayatollah's return.

"The army is willing to come to the side of the people," he said. "The army is not interested in fighting the people."

In a clear reference to the Iranian turmoil, the newspaper said, "everybody is causing the shortage."

Meanwhile, there was no confirmation in Moscow of intelligence reports from Iran that some Soviet border villages were being evacuated to prevent border residents from becoming entangled in Iran's year-long civil strife.

Western diplomats here pointed out that most Muslim residents along the mutual border are not members of the Shiite sect, as are the Iranian Muslims. The diplomats said it was not clear what effect the Iranian turmoil might be having on the Muslims on the Russian side of the border.

According to a report reaching Moscow from Soviet Armenia, the pipeline that supplies virtually all of the southern republic's heating fuel has been shut off since last fall and emergency measures are being taken to find alternate fuel supplies.

The line also supplies the neighboring Caucasus republics of Azerbaijan and Georgia.

A report in Armenia's daily newspaper Kommunist confirmed that the effects of the natural gas cutoff are severe in that republic.

"Nobody knows how long this situation will continue," the newspaper said, and it also described some long-term measures being taken to make up for the halt in supplies.

The newspaper's Jan. 13 issue, which reached Moscow this week, said, "it is no secret to anybody that at the end of last October the pressure in the Iran-U.S.S.R. pipeline was sharply reduced, and that soon after that the supply of natural gas from that source was cut off altogether."

At the end of October and beginning of November, the Iranian oil fields were put out of action by strikes directed against the rule of the shah. The flow of natural gas to the Soviet Union apparently never resumed.

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"Nobody knows how long this

## Cambodia Settles Into Guerrilla War

By Henry Kamm

BANGKOK, Jan. 23 (NYT) — Western and Asian diplomats and analysts here reported today that fighting in Cambodia has settled into a pattern of a Vietnamese occupation army, strongly established throughout the country, being subjected to continuous, widespread and often fierce harassment by forces loyal to deposed Premier Pol Pot operating in guerrilla fashion.

Vietnam appears, in the consensus of the analysts, to have achieved its principal military and political goals and to have embarked on a policy of consolidation in which time is believed to be on its side, at least in the short term.

Militarily, the Vietnamese Army, about 100,000 men, has seized and appears to be holding all major towns in Cambodia and the principal roads that link them. Vietnam is believed to have reduced the Cambodian Army, which numbered between 50,000 and 80,000 men when the offensive began in the last week of last year, to a widely dispersed force of mutually independent guerrilla units.

These units, although communications between them are believed to be greatly limited, remain capable of highly damaging spoiling actions throughout Cambodia.

Late last week, for instance, an Asian intelligence source reported that Cambodian troops attacked Phnom Penh's Pochentong Airport with artillery, rockets or mortar, inflicting damage on a couple of planes parked there.

Targets Near Phnom Penh

A Western analyst also reported that Cambodian units had struck at targets in the Phnom Penh area. The analyst said that Vietnamese supply and troop movements were seriously hampered by Cambodian ambushes and the blowing up of bridges and culverts on the two northern east-west highways, Routes 5 and 6. A Thai source said that ambushes were also frequent on Route 4, the road linking Phnom Penh and the country's only port, Kompong Som.

Considerable guerrilla activity was reported by analysts in the northeastern provinces of Ratanakiri and Mondulkiri and in Kompong Speu province, west of Phnom Penh. No part of the country appears to be free of attacks by Pol Pot supporters and mopping-up operations by the conquerors.

Vietnam was said to have established control over Cambodia's coastline, after fierce fighting, but fighting was said yesterday to be continuing on the offshore island of Kong.

An indication of the drop in the intensity of the fighting comes from reports that Vietnamese air action, intense at the height of the warfare, has been significantly reduced for several days. Vietnamese troops appear to be under political restric-

tions on operations at the border with Thailand, and none have been seen there.

The ancient temple of Preah Vihear, directly on the Thai border and under heavy attack by Vietnamese artillery at the end of last week, was still reported to be in the hands of its Cambodian defenders but no longer under attack.

No knowledge or even informed speculation is available here on the leadership of the remaining Khmer Rouge forces.

Pol Pot's whereabouts have been an enigma since the fall of Phnom Penh on Jan. 7. According to broadcasts on behalf of his deposed government from China and comments by his deputy premier, Ieng Sary, who escaped to Peking via Thailand, Pol Pot and his government are in Cambodia.

However, it is equally believed possible that he is dead or that he escaped to China before the fall of the capital.

Even if Pol Pot is still active in Cambodia, analysts believe that he is highly unlikely that he has any efficient means of communicating with the bulk of his troops. Similarly, there does not appear to be any way for China to continue to supply his forces. Cambodia borders only on Vietnam and Vietnam-controlled Laos and neutral Thailand.

Without an effective leadership, communications and supplies, and in view of the hatred aroused by the Pol Pot regime's reign of terror among most Cambodians, it is assumed that time is working in Vietnam's favor. As long as memories of the Pol Pot cruelties remain strong, the Cambodians are likely to regard the Vietnamese Army and its portage of Cambodian representatives the new regime of the People's Revolutionary Council — headed by President Heng Samrin — as liberators.

Ethnic Hatred

If, however, the Vietnamese stay a long time and the Heng Samrin regime appears too clearly to be a Vietnamese puppet, then, analysts believe, the traditional ethnic hatred of Cambodians for Vietnamese may gain the upper hand.

In the analysts' view, the longer the Pol Pot holdouts provide effective resistance, the longer the Vietnamese Army will be obliged to stay in considerable force and the greater the likelihood of popular resentment against them.

Civil and military factors are believed to argue in favor of an extended and extensive Vietnamese stay. The Heng Samrin regime has pledged itself to undo much of the Pol Pot government's radical reorganization of the country. This included the sequestering of its people in agricultural communes and the suppression of all liberties.

To undo so radical a change is itself a radical act and is believed to require great administrative skill, organization and personnel. After nearly nine years of bloodletting and nearly four years in which even the lowest-grade public officials were particular targets of purges, analysts doubt that Cambodia has the human means with which to carry out the changes deemed vital to its survival in power.

Not Likely to Leave

Vietnam is believed to be obliged to provide the administrative organization of the new Cambodia and is not considered likely to leave an extensive civilian administration without an equally extensive military network to protect its security.

As China learned to its regret recently, Vietnam may also learn that to have a Cambodian client is a mixed blessing. According to diplomats, Vietnam's rapid victory seriously hurt China's prestige in Asia and has heightened the awe in which Vietnam is held.

But because of the travail of having to stay in Cambodia to secure what it has gained, in the view of some diplomats here, this sense of awe at Vietnam's power is unlikely to be maintained in the long run.

Claims 'Uprising' Complete

BANGKOK, Jan. 23 (AP) — Vietnam said today that the "people's uprising" that toppled the Cambodian government was complete and irreversible.

Vietnam's Army newspaper, Quan Doi Nhan Dan, said that China, which supports the Pol Pot government, was trying to sabotage the Cambodian revolution and that "a psychological campaign is being whipped up by Peking to distort the Kampuchean situation."

Vietnam denies that it was its troops that defeated Pol Pot's army and led the Cambodian rebels into Phnom Penh. But Western sources say that the Cambodian rebels did little if any fighting.

The Vietnam Army newspaper said that the Chinese had "fabricated reports about continued activity in Kampuchea against the new revolutionary administration. The new Phnom Penh official media has not mentioned the continued fighting in Cambodia. The broadcast and reports of the news agency SPK claim that many areas are returning to normal."

Thorn Arrives in Peking

PEKING, Jan. 23 (Reuters) — Luxembourg Premier Gaston Thorn was greeted by Chinese Premier Hua Kuo-feng on his arrival at the Peking airport tonight for a five-day visit to China. He arrived from Tokyo after visiting Malaysia and Hong Kong.

Tanzania Reports Battles at Uganda Frontier Towns

DAR ES SALAAM, Tanzania, Jan. 23 (UPI) — Tanzania reported heavy fighting today along its border with Uganda, the same area where Ugandan President Idi Amin's troops fought a two-week war last year.

A communiqué issued here said that Ugandan forces had attempted to invade Tanzania Saturday at three towns — Mutukula, Kakumu and Minziro — along their 100-mile border west of Lake Victoria. "Fighting continues," the communiqué said.

The statement was the first indication that fighting between the two nations had resumed on a large scale. Uganda Saturday accused the Tanzanian forces of crossing the border, but later said that the attack had been repulsed.

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## Project Imperils Fish

## U.S. Blocks Tellico Dam To Protect Snail Darter

WASHINGTON, Jan. 23 (AP) — The Endangered Species Committee today unanimously blocked completion of the Tellico Dam in Tennessee because further construction might doom the snail darter, a three-inch fish.

However, the committee in another unanimous vote exempted the Graylocks Dam and Reservoir in Wyoming from strictures of the Endangered Species Act, provided certain measures are taken to protect the sandbar habitats of whooping cranes on the Platte River about 275 miles downstream in Nebraska.

Interior Secretary Cecil Andrus, chairman of the committee, said today's two decisions prove there are ways to resolve disputes in which federal projects threaten wildlife species with extinction.

The Tellico decision hinged on two primary factors: whether a reasonable alternative to the project existed, and whether the project's economic benefits outweigh the benefits of the alternative.

## "Reasonable Alternative"

William Willis Jr., of Nashville, Tennessee's representative on the panel, said a Tennessee Valley Authority report on the issue last month "presents a reasonable alternative" of developing the river instead of creating an impoundment by closing the gates of the Tellico Dam.

Charles Schulze, chairman of the president's Council of Economic Advisers, argued that the benefits to be gained by closing the gates of the dam were less than the cost of completing the project.

A staff committee report estimated that the Tellico reservoir project would cost \$7.22 million annually to complete and operate, compared with \$6.5 million in benefits, Mr. Schulze said that if the cost of finishing the dam is measured against the benefits, "it doesn't pay."

The Graylocks exemption included a proviso to insure the survival of the whooping cranes, which is identical to a compromise worked out earlier by the parties in the dispute.

Environmentalists say the Wyoming project threatens a flock of about 70 whooping cranes that use the Nebraska river area on their migratory route from Texas to Canada. John Spinks, chief of the federal Office of Endangered Species, said the birds are the only remaining whooping cranes in the world other than a flock of four or five that migrate between Idaho and New Mexico.

Both the snail darter and whooping crane are classified as endangered species.

The committee was created after the Supreme Court ruled that the gates on Tellico Dam could not be closed because to do so might spell doom for the snail darter and thus violate the Endangered Species Act.

## Minister in U.S. Jailed in Refusal To Be Witness

CINCINNATI, Jan. 23 (UPI) — A 71-year-old minister and prison reform advocate will be kept in jail "indefinitely" for refusing to testify about three prisoners who held him captive during an escape last November.

The Rev. Maurice McCrackin refused twice yesterday to answer questions before a Hamilton County grand jury. Common Pleas Judge Rupert Doan found him in contempt of court and ordered Mr. McCrackin back to the county jail "indefinitely."

Mr. McCrackin, a former anti-Vietnam War activist who writes daily to prisoners at Ohio's maximum security penitentiary in Lucasville, has steadfastly refused to testify against the prisoners in a protest over prison conditions.

The three prisoners fled Nov. 17, went to Mr. McCrackin's Church of Christ, tied the minister up, held him for about three hours, stole some money from him and took his car.

Mr. McCrackin said that he believed the convicts escaped from Lucasville because of prison conditions. He said that he "would not testify against a prisoner on behalf of the state... when it is the state of Ohio that is responsible for the vast injustice, degradation and horror that is Lucasville."

## U.S. F-15s in Sudan In Show of Support

CAIRO, Jan. 23 (UPI) — A squadron of U.S. F-15 jetfighters, which visited Saudi Arabia in what diplomats viewed as a response to the Iranian crisis, arrived in Sudan today in a demonstration of U.S. support for the moderate regimes in the Middle East, the Egyptian Middle East News Agency said.

Reporting from Khartoum, the agency quoted Lt. Gen. Abdel Majid Khalil, chief of the Sudanese armed forces, as saying that the dozen unarmed fighters will stage a flypast tomorrow before heading home Thursday.

Although Sudan is not as close geographically to Iran as Saudi Arabia, it has a joint border with Ethiopia, where Soviet influence has been escalating recently.

## Moscow Jails 2 for Jeans

MOSCOW, Jan. 23 (Reuters) — Two Moscow brothers who sold jeans on the black market have been sentenced to three and four years in jail, it was reported today.

Act. The snail darter is found naturally only in the Little Tennessee River.

Work has stopped on the \$115 million Tellico Dam, which is 90 percent completed. The \$1.6-billion Graylocks project near Wheatland, Wyo., is part of the Missouri Basin Power Project. It is being built with funds from the Rural Electrification Administration and is designed to provide cooling water for three coal-fired generating plants.

Critics asserted that the dam would store water from the Laramie River, a tributary of the Platte, and thereby reduce the flow of water necessary to maintain the Platte as a critical habitat for the whooping cranes.

Parties involved in the suit over Graylocks have reached tentative agreement to protect whooping crane habitats by regulating the flow of water and by creating a \$7.5-million trust fund for use when emergency conditions could imperil the whooper.

TVA biologists have introduced some snail darters into the nearby Hiwassee River, but biologists at the U.S. Fish and Wildlife Service are not convinced the Hiwassee population will insure the species' survival.



CHICAGO RECEPTION — Mrs. Rosalynn Carter signed this photo of her with John Gacy Jr. after a reception in Chicago last May. Gacy has been indicted for murder after reportedly admitting having sex relations with and killing 32 boys and young men. He has pleaded not guilty.

## CIA Puts Moscow Outlay 45% Higher

## Russia Said to Outspend U.S. on Arms

WASHINGTON, Jan. 23 (AP) — The CIA estimates that the Soviet Union spent \$146 billion for defense last year, 45 percent more than the \$102 billion spent by the United States.

A CIA analysis released yesterday estimates that the Russians spent twice as much for strategic nuclear forces and twice as much for non-nuclear forces.

Charts in the analysis show the Russians spending more for nuclear land missiles, short-range nuclear bombers, land forces, naval forces, and for tanks and other mobility forces. The United States spent more for long-range nuclear bombers and tactical jet fighters.

The analysis commented that while the higher Soviet military spending was obviously related to capability, the spending alone did not mean that the Russians were superior.

It said that a full assessment would have to compare defense strategies, battle scenarios, tactical readiness, weapons effectiveness, and Soviet defense activities caught

supply, morale and a number of other considerations.

The CIA said that U.S. spending was higher for support forces — mainly the Coast Guard, headquarters personnel, supply units and foreign military aid.

The analysis was released by Melvin Price, the Illinois Democrat who chairs the House Armed Services Committee, and Bob Wilson, the Californian who is the committee's ranking Republican.

It said that Soviet defense spending had steadily increased by an average of 3 percent a year for the last 10 years, while U.S. defense spending, not accounting for inflation, went down.

Measured in constant 1978 dollars so as not to count inflation, the CIA charts indicate that U.S. defense spending dropped from about \$139 billion during the Vietnam War in 1968 to about \$99 billion in 1977, and then rose 3 percent last year.

Soviet defense activities caught

up with U.S. outlays in 1971 and exceeded them by a widening margin until 1977, the CIA said.

The analysis lists no dollar figures except for the totals, but its charts show the Russians spending about \$12 billion for strategic forces, compared to U.S. outlay of \$6 billion, and about \$60 billion for non-nuclear forces, compared to U.S. outlay of \$30 billion.

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## Economy Is Big Threat to Carter Budget

By Hedrick Smith

WASHINGTON, Jan. 23 (NYT) — President Carter stands a strong chance of protecting the basic thrust of what administration officials call his "lean but merciful" 1980 budget because it generally suits the frugal mood of the new Congress.

But even congressional supporters of Mr. Carter's fiscal conservatism warned yesterday that the main challenge to his budget strategy may occur late in the year from the U.S. economy.

If the economy does not perform according to what many see as the overly optimistic forecasts of the president's economists, they say, it could not only increase the budget deficit and play havoc with the whole economic strategy but also put into question the political future of his presidency, because Mr. Carter has made this budget his economic platform for next year's elections.

And no matter how the economy moves, Congress is set to challenge the president's spending priorities. Liberals will attempt to switch funds from the increased budgets for defense and foreign aid and basic research to the domestic social programs that Mr. Carter has trimmed by more than \$12 billion from their normal growth.

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Social Security benefits and could not count on more than \$2 billion in savings through legislation to curb the sharp rise in hospital costs.

Others asserted that it was virtually certain that Congress would alter Mr. Carter's plans to increase foreign aid from \$7.3 to \$8.2 billion and would find ways to shave savings off his projected figure of \$12.8 billion for defense.

"There's no question, those will be vulnerable areas," said Sen. Edmund Muskie, D-Maine, the Senate Budget Committee chairman. "You're going to find enough flexibility in that budget so that Congress will adjust the spending priorities by about \$5 billion," he added. "That's quite a bit."

The kind of combative congressional session that Mr. Carter faces was signaled by the critical response his budget received yesterday in a private session with the House Democratic Steering Committee.

## Democratic Support

Later, the Democratic leadership publicly supported the general austerity thrust of the president's budget with some suggestions that Congress would try to cut the deficit below the \$29-billion figure proposed by Mr. Carter. But both House Speaker Thomas O'Neill Jr. of Massachusetts and Sen. Robert Byrd of West Virginia, the majority leader, said that they were prepared to fight the president on specifics.

By far the sharpest criticism on the Democratic side was made by Sen. Edward Kennedy, D-Mass., a potential rival to Mr. Carter for the 1980 presidential nomination. Sen. Kennedy decried the "wasteful increases" in defense spending and urged that another \$500 million be spent on health.

"The fact is," Sen. Kennedy said, "that the administration's budget asks the poor, the black, the sick,

the young, the cities and the unemployed to bear a disproportionate share of the billions of dollars of reductions in federal spending that are necessary if the target, which I support, of a budget deficit below \$30 billion is to be reached."

Republicans grumbled that the president had not been tight enough with his budget and some, like Rep. John Rhodes of Arizona, the House minority leader, predicted that Mr. Carter would have to rely on Republican support because "the Democrats just won't have the stomach" for this budget.

The first congressional test of the budget is likely to produce a setback on Mr. Carter's proposal for wage insurance to induce labor unions to accept his 7 percent guideline on wage increases this year.

Although its demise would be a blow to Mr. Carter, a far more fundamental danger lies in the performance of the economy. Democrats and Republicans alike are worried that the administration is counting on its ability to "fine-tune" the economy into a gentle slowdown late this year without producing a recession.

Administration officials have said that the president is prepared to see unemployment rise from roughly 6 percent at present for the sake of cooling down the economy, which is now being spurred by the expansionary programs of the 1979 budget. But Rep. Robert Giomo, D-Conn., the House Budget Committee chairman, warned that a 1-percent rise in unemployment could add \$16 billion to \$20 billion to the budget deficit.

"My impression is still very strong that the principal challenge to the budget will come from the performance of the economy," Sen. Muskie said yesterday, a comment widely echoed on Capitol Hill. And if the economy begins to turn sour by fall, Sen. Muskie predicted that

Democrats would begin pushing for a tax cut and increases in job programs to stimulate the economy in the 1980 election year — possibly touching off a major battle with Mr. Carter.

But other Democrats are worried that, with the economy moving up strongly as the year began, no downturn will come until very late this year — too late for Congress to affect it with its September budget resolutions. The Democrats fear that this will put them and Mr. Carter into the predicament of entering 1980 with a faltering economy and too little time to pump it up before the November elections.

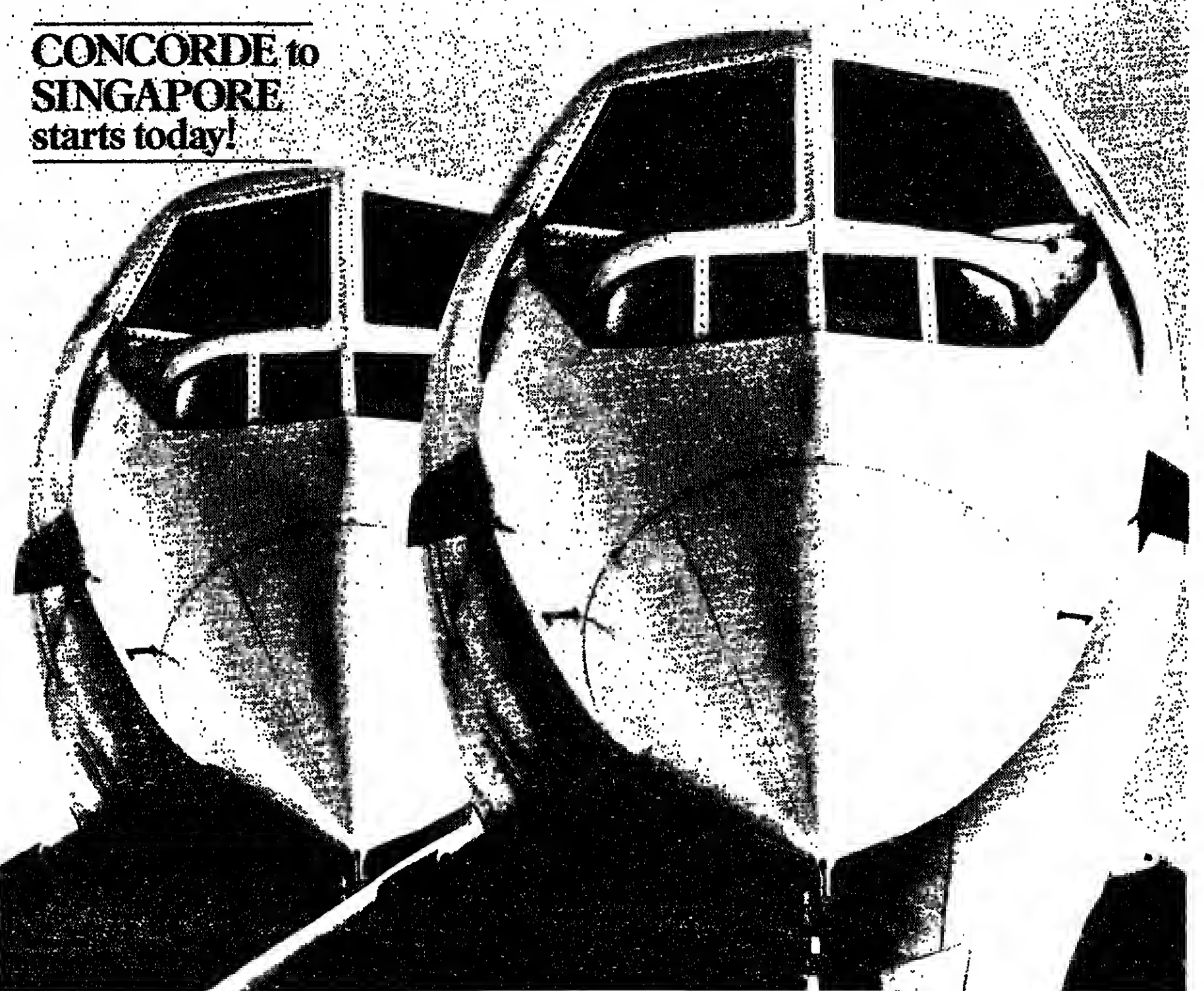


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## Metal Workers In W. Germany Win 4.3% Rise

BAD NAUHEIM, West Germany, Jan. 23 (AP) — Employer and union representatives agreed today on a new labor contract considered to have a pilot function for West Germany's 4 million metal workers.

Negotiators for the state of Hesse metal industry avoided strike or lockout action and agreed to a wage increase of 4.3 percent for the period ending Jan. 31, 1980. Hesse metal workers earn a monthly average wage of 2,260 marks (about \$1,300). Union officials had demanded 6 percent and the industry originally offered 3 percent more pay.

Like in the Ruhr steel strike ended earlier this month, union representatives were unable to achieve first steps toward introduction of a 35-hour work week. Instead, both sides agreed on a minimum 30 days vacation a year for all members of the industry beginning in 1983.

The last section says that "Con-



## To Party Convention

## GOP Backs Overseas Delegates

By Robert C. Siner

WASHINGTON, Jan. 23 (IHT) — Voting representation for Republicans abroad at next year's party convention was conditionally approved by the Republican National Committee this week.

Mr. James Kilgough 3d, the chairman of Republicans Abroad, announced that under a party rules subcommittee decision representatives of Republican organizations abroad will have to return in July

to provide the national committee with the details of the selection process for overseas delegates before formal approval is given. However, this was considered to be merely pro forma and representation was virtually assured.

At the convention itself, seating a delegation from abroad will require a suspension of the rules, but this, too, was seen as a certainty.

Mr. Kilgough characterized the action as a demonstration of com-

mitment by the Republican Party to making sure that "the important electorate of Americans living abroad has a loud and clear voice."

The action was another step in the campaign being mounted by the Republican Party to expand its influence among the estimated 1.8 million American civilians living outside the United States. A major impetus to the Republican campaign, and to a similar drive by the Democratic Party, was legislation passed last fall giving Americans abroad the right to vote in federal elections without incurring additional federal, state or local tax liability.

The drive began last October when the party announced the formation of the Republican Abroad aimed at reaching Americans worldwide. Before this, the party had only been active in Europe where it has been represented by the European Republican Committee since 1964.

In another action, the Republican National Committee today selected Detroit as the site for the party's convention next year.

## Moscow Group Says Soviet Laws Violate UN Code

NEW YORK, Jan. 23 (UPI) — The wife of Andrei Sakharov and six members of the Moscow human rights monitoring group say that Soviet penal legislation violates 11 articles of the UN Declaration of Human Rights.

In a document made public today by Freedom House, Elena Sakharov and the Moscow group appealed to the Soviet Union for the abrogation of the "offending" sections of the penal laws. Mrs. Sakharov is currently in Italy for medical treatment.

The document was received and translated in New York by Freedom House, a nonprofit, nonpartisan organization.

The document said that the Soviet laws violate freedom of opinion and expression, the right to reside anywhere within one's country or emigrate, to practice religion and associate freely, or form trade unions — all rights guaranteed in the UN declaration.

The signers asked the ending of discrimination "in labor because of nationality, or religious denomination."

"The appeal was addressed to all nations which signed the 1974 Helsinki document on human rights."

## 102 Vietnamese Leave Manila to Settle in Israel

MANILA, Jan. 23 (UPI) — To farewell shouts of "shalom," 102 Vietnamese refugees left for Israel today to begin new lives in a valley near Nazareth, leaving behind 2,000 comrades still marooned on a rusty ship in Manila Bay.

The 102 Vietnamese were seen off by officials at the Manila airport including Moshe Raviv, the Israeli ambassador to the Philippines, who told them, "Israel will receive you with open arms."

The oldest of the refugees was a 68-year-old woman who said that she knew nothing about Israel; the youngest was a 19-month-old boy. Most of them Buddhists, although a few are Catholics, the Vietnamese will be taught Hebrew.

Israel agreed to resettle the refugees following appeals from the Philippines which refused temporary asylum to the refugees who arrived in Manila Dec. 27 aboard the freighter Tung An.

## 26 Elderly Die In Finnish Fire

HELSINKI, Jan. 23 (UPI) — A fire in a nursing home today killed 26 elderly patients trapped in their beds.

A doctor said that the fire completely destroyed a wooden wing of the nursing home in Virrat, 220 miles northwest of the capital.

The wooden wing, built in 1907, housed 44 patients. A brick building, which escaped undamaged, housed 25. Most of the patients were retired farmers.

## 23 Rhodesian War Dead

SALISBURY, Rhodesia, Jan. 23 (AP) — Twenty-three persons, including 11 guerrillas, died in war-related actions yesterday and today, the military command reported.



NEW JOURNALISM — Rainy weather in Paris finally has prompted kiosk operators to abandon the sheets of plastic used to protect their papers in inclement weather (top) and remodel the newsstands. All of the 353 kiosks in Paris gradually are being replaced with the modern model.

## Between Church and State

## Pope Mexico Voyage May Alter Balance

By Alan Riding

PUEBLA, Mexico (NYT) — The planned five-day visit of Pope John Paul II to Mexico starting Friday is awakening long-dormant religious passions that could disturb the delicate balance of power which has existed between church and state for 40 years.

Officially, Pope John Paul is coming to Puebla to open the third Latin American Bishops Conference. The announcement of the trip has revived debate over the role of the Roman Catholic Church in Mexican society and has aroused latent anti-clericalism in official circles.

Political groups of left and right have either welcomed or condemned the visit, while the minister of the interior, Jesus Reyes Héroles, has said, "We are confident that the visit will neither create nor provide an excuse for the revival of old and painful conflicts that have long been overcome."

## No Diplomatic Ties

It is ironic that the pope, on his first trip abroad since being elected, should visit the only Latin American country that does not maintain diplomatic relations with the Vatican. Further, this is a country where the church was brutally persecuted in the 1920s and 1930s as a result of its active opposition to the 1910 revolution.

While the power of the church is strictly limited by the Constitution and it steers clear of open involvement in politics, more than 90 percent of the 65 million Mexicans are formally Catholic, so bishops and priests still exercise considerable influence. Awareness of the continuing political potential of the church is at the heart of the nervousness in governmental circles.

Some members of the government have privately criticized President Jose Lopez Portillo for not discouraging the pope from coming. Mr. Lopez Portillo has reacted by saying, "We have confidence in our institutions. We do not fear outside contamination. For that reason, we can confront any contact with respect, pride and dignity."

## Introduced Inquisition

The church's role in Mexico began at the moment of the conquest of the Aztecs by Hernando Cortes and his Spanish conquistadors in 1521. At first, missionaries showed enlightenment, protecting the Indians from slavery and exploitation. But, in time, the church became increasingly wealthy and conservative and introduced the Inquisition to its largest colony in the New World.

When Mexico won independence from Spain in 1821, the church owned half the land. Its influence over the army and the wealthy elite enabled it to break many of the governments that emerged over the following 35 years. A simmering conflict between pro-church conservatives and anti-clerical liberals finally erupted in civil war in the mid-19th century.

In the 1850s, President Benito Juarez ordered the confiscation of

church lands and appeared to break the political power of the hierarchy for the first time in 350 years. Yet, the church recovered its influence and even some of its property during the long dictatorship of Gen. Porfirio Diaz, and by time the revolution erupted in 1910, the church was once again closely allied with the landed classes.

## Deep Hostility

The deep hostility felt by the victorious revolutionaries toward the church was evidenced in the nullified 1917 Constitution, which excluded it from the educational system, declares all church buildings to belong to the state, prohibits foreigners from serving as priests, prohibits priests and nuns from appearing in their habits outside their churches and establishes penalties for church involvement in politics.

When these provisions were applied by President Plutarco Elias Calles in 1926, the church responded by striking for three years, closing schools and not conducting services. The church also condoned an uprising of young religious fanatics known as Cristeros who attacked schools and other public property to the cry of "Long live Christ the King!"

The response was fierce, with the army sent to wipe out the Cristeros and priests subjected to a wave of persecution that lasted well into the 1930s. Hundreds of priests were killed or forced to flee, while those who remained, numbering fewer than 100 in 1935, would frequently say mass in hiding.

## Some Reconciliation

Only in 1940, when President Manuel Avila Camacho declared that he was a believer, did some reconciliation take place between church and state. The church accepted its exclusion from politics, while the state became more tolerant of minor violations of the Constitution, such as the return of priests to private schools and the formation of an openly pro-church opposition group, the National Action Party.

In recent years church and state have come to respect each other's spheres of influence. The hierarchy has quietly accepted the government's family-planning program on the understanding that abortion will not be legalized. Similarly, President Luis Echeverria Alvarez visited Pope Paul VI in Rome in 1974, although the open anti-clericalism of the ruling Institutional Revolutionary Party prevented him from formalizing ties with the Vatican.

Throughout the political ups and downs, most Mexicans have re-

## Polish Protest Delivered

WARSAW, Jan. 23 (Reuters) — Poland has protested formally to the Netherlands over the freeing last month of Peter Menin, jailed in 1977 for the World War II murder of Polish Jews, the Polish news agency PAP reported today.

## Quiet 'Counter-Revolution' Has Begun

## A Swing to the Right in Portugal

By James M. Markham

LISBON (NYT) — The busy days of a Portuguese "revolution," when soldiers fraternized with jubilant civilians, are long gone. So are the times when Alvaro Cunhal, the steel Communist leader, or even Mario Soares, the ebullient Socialist, set the political tone.

Instead, a quiet "counter-revolution" is starting to turn around the so-called revolution that never really altered basic social structures although it redistributed income to industrial workers and landless peasants and frightened away the rich.

Now, with austerity the watchword and economic policy virtually dictated by the International Monetary Fund, the old families — the Espirito Santos, the Melos, the Champalimauds — are sending emissaries or discreetly returning from exile in Madrid, London or Rio de Janeiro.

One of the best-selling books in town is "A Country Without Direction," by Antonio de Spínola, the monodisciplinary general who tried vainly, after the April 25, 1974, coup that felled Marcello Caetano's regime, to contain the leftist thrust of the Armed Forces Movement.

He lashes out in print at "the specter of a shameless and impious dictatorship" that threatened Portugal as the Communists reached for power in 1975.

In the schools, neo-fascist organizations show a new vigor. An extensive survey of public opinion found that the most popular politician of recent years was Mr. Caetano, the heir to the dictatorship of Antonio Salazar. The study registered "a negative balance" for Mr. Soares, the dominant political figure from late 1975 to last summer.

Having led Portugal at a time when belts had to be tightened after a wild spending spree, the Soares Socialists have fallen into disarray since their coalition with the rightist Center Democrats collapsed last July. The Socialist newspaper, *A Luta*, edited by Raul Rego, a leading figure in the struggle against the Communists in 1975, has just gone out of business.

The government-owned *Diário de Notícias*, a once-faithful Socialist mouthpiece, now prominently displays interviews with industrialists demanding a return to the free enterprise that they say existed under the autocratic Salazar regime.

Dictated largely by economic necessity, the sharp swing to the right has been presided over, though not really led, by Antonio Eanes, the determined general who blocked a leftist coup in November, 1975, and was elected chief of state in 1976 with 61 percent of the vote.

## Political Stalemate

Under Portugal's mixed system of government, a premier is responsible to the assembly but is named by a strong president, who commands the armed forces. This has produced a political stalemate.

The parties and even the idea of democratic government have been discredited by the bickering, but Gen. Eanes has now been forced to put his prestige on the line by naming a government of his own. It can survive only as long as a majority of the assembly wants to avoid elections.

The new cabinet, headed by an obscure 42-year-old law professor, Carlos Mota Pinto, represents another lurch to the right in a spectrum that had leaned heavily leftward. "This government is a reformist one," he said in an interview, "democratic, with a social intention, but without demagoguery."

Mr. Mota Pinto is continuing and sharpening policies that Mr. Soares began a year ago: indemnifying foreign and Portuguese businessmen whose companies had been nationalized, encouraging the private sector to invest in the sickly economy and, in the strongly Communist Alentejo region in south central Portugal, returning estates,

albeit shrunken, to big landowners and farmers who lost them in the post-1974 chaos.

Three million acres were seized during that genuinely revolutionary turmoil; successive governments have returned 321,230 acres to private ownership, and the law calls for the return of 882,000 more, including some of the most fertile.

At his new, fortresslike headquarters on Lisbon's outskirts, Mr. Cunhal, the Communist leader, criticized the Mota Pinto government's "anti-constitutional" moves, which the Communists so far have only mildly resisted in Alentejo.

"The question is this," he said, "Is democracy in Portugal going to survive, or isn't it? Are we going to have a new dictatorship or not?"

## Strength in Starcrossers

Mr. Cunhal and others believe that as unemployment spreads, Communist strength grows, notably among such groups as old-age pensioners and sharecroppers in the usually conservative north.

Few Portuguese today expect their young democracy to go under; particularly as Common Market membership nears.

Political battle lines are being drawn over the rewriting of the constitution, drawn up by the Socialists three years ago, which businessmen say discourages investment and which the Communists defend as "one of the great conquests of the revolution." The Socialists, split between Marxists and moderates, seem to be coming around to the idea that the document must be purged of its ideological content. The rightist parties, the Social Democrats and the Center Democrats, heartily agree.

## Promise of Tough Measures

LISBON, Jan. 23 (UPI) — Premier Carlos Mota Pinto painted a stark picture of the nation's "degraded" economy and administration yesterday but promised the Portuguese tough measures to put both back on order.

He told a nationwide television audience that his non-partisan technocrat cabinet faced a "very degraded" situation when it took power two months ago.

In an obvious reference to Communist calls for work stoppages and demonstrations in the southern wheat belt tomorrow, he denounced political forces that, he said, had unleashed "a social agitation machine" to start "a sort of civil war after having impoverished the nation."

## Chirac Renews Attack on Giscard Policy

By Joseph Fitchett

PARIS, Jan. 23 (IHT) — Gaullist leader Jacques Chirac today renewed his attacks on the European policies of President Valéry Giscard d'Estaing as campaigning in France began for the European parliamentary elections in June. But he said that the Gaullists would not break with Mr. Giscard d'Estaing's coalition in the French parliament and bring down the government over the European issue.

Returning to political activity after an auto accident last month, Mr. Chirac, the mayor of Paris, was stiff-legged as he climbed to the podium in Paris city hall, but he spoke with unchanged vigor.

He repeated his criticisms that the Common Market was creating a "Europe of merchants" to the political benefit of the superpowers and to the detriment of French interests, but he ruled out any Gaullist strategy that might give French leftists a premature chance at winning national elections.

## Iran Consulate Is Occupied by Paris Students

PARIS, Jan. 23 (AP) — Iranian students saying that they were acting for the establishment of an Islamic republic in Iran occupied the Iranian Consulate here today.

The demonstrators crossed to the embassy steps next-door and shouted anti-shah slogans, obliging the few embassy officials present to join in the slogans. Police forces moved into the streets around the buildings, but did not intervene.

Police said that the embassy asked them not to intervene. The demonstrators said that they were followers of Ayatollah Ruhollah Khomeini, the Shiite leader who has been directing the uprising in Iran from an exile headquarters outside Paris.

## 'Cleaning Day' Delays Birth of Soviet Almanac

MOSCOW, Jan. 23 (Reuters) — A reception organized by several prominent Soviet writers to introduce a literary almanac was canceled today when the cafe they hired was ordered closed. Guests invited to the reception found a notice announcing a "cleaning day" at the entrance to the central Moscow Rhythm Cafe.

A doorman said that doctors had come last night to order the closure for today only. The typewritten almanac, entitled *Meiropol*, was put together over several months by an editorial board of five writers with the help of 17 others. Two poets, Andrei Voznesensky, just awarded a state prize for literature, and Bella Akhmadulina, contributed works still unpublished in the Soviet Union.

The compilers said they regarded the almanac — containing about 700 pages of prose, poetry, criticism and art — as an attempt to fill a gap between official Soviet literature and dissident writing.

## Tremor in Yugoslavia

BELGRADE, Jan. 23 (Reuters) — An earth tremor today shook the Lake Prespansko area on the Yugoslav border with Greece and Albania, officials said here.

Communists to Name Women

Several women are among the candidates high on the Communist Party list and are likely to get seats. The list of the Giscard d'Estaing coalition, reportedly the subject of active jockeying among different pro-European factions, reportedly will be headed by Simone Veil, currently health minister and the most popular Cabinet member. France's Socialist Party, also pro-European, will announce its list of candidates in April.

Pierre Poujade, 58, former leader of the Poujadist movement which expressed French shopkeepers' discontent in the 1950s, said that his new party, Union for the Defense of Liberties, will win as many votes in the European voting as his old movement did at its peak in 1956 elections — almost 11 percent.

## Japan Nuclear Waste Unloaded in France

PARIS, Jan. 23 (Reuters) — The first cargo of nuclear waste to be sent by Japan for reprocessing in France was unloaded in Cherbourg today and was later on its way to a nearby plant, officials said.

Six containers of irradiated nuclear fuel were unloaded in spite of attempts overnight by ecologists to block the operation, they said. More than 3,000 demonstrators turned out to try and stop the cargo being unloaded but were dispersed by riot police using tear gas and water cannons.

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## Movies in Paris

### Moreau Film Is Winning Teen Tale

By Thomas Quinn Curtiss

PARIS, Jan. 23 (IHT) — Jeanne Moreau, like Cailron, Rachel and Sarah Bernhardt, is an artist-turned-actress and similarly has more than one talent.

She has played Shaw, Gide, Cocteau and Kleist with distinction on the stage and she has survived in more than 60 movies.

Three years ago, she made her debut as a screen director with "Lumiere," for which she wrote the scenario and in which she acted the principal role. A story of a theatrical star's private life, it was an informative glimpse behind the scenes and an interesting start. Her second directorial try, "L'Adolescente" (at the Paramount Elysees, the Max Linder and the Bouli Mich), is far better, more firmly and maturely controlled and of less sprawling exposition. What she has delivered is not a great film, but it is indisputably a very winning one, intelligently and competently composed.

#### Ring of Truth

Perhaps the script is a fragment of autobiography or perhaps it is the experience of a childhood acquaintance observed and remembered. Whatever its origin, it has the clear ring of truth.

A Parisian girl in her teens is taken by her parents for a hot-weather holiday to the center of France. It is the summer of 1939, but the tranquility of the rural community is undisturbed by the distant thunder of the coming conflict. The girl develops a crush on the district doctor, a worried refugee from central Europe, who becomes her mother's lover during the father's absence at harvest time. The stabbing heartbreak suffered by the city maiden is this miniature drama's tender obituary.

Miss Moreau pictures the pastoral scene of the last prewar summer with wistful nostalgia, and she has



Laetitia Chauveau and Simone Signoret in Jeanne Moreau's "L'Adolescente."

drawn her characters with sympathetic comprehension and gentle humor: the youngster troubled with an attack of unrequited love (Laetitia Chauveau); her country grandmother (Simone Signoret) with her odd superstitious riles performed by the light of a full moon; the grumpy, mainly papa (Jacques Weber); the handsome, romantically inclined mother (Edith Clever); the timorous physician (Francis Huster); the blind village idiot (Roger Blin) and the local peasant living out in their traditional ways the final months of a world about to vanish.

The Moreau touch is subtle in its portraiture. Nothing is unduly stressed, exaggerated or sensationalized. The adolescent heroine's secret passion does not mount to the usual violent outbreak of jealousy, nor does the rivalry of the husband and lover provide the customary melodramatic fodder. The whole is done so that it has recognizable plausibility and beguiling charm. Miss Moreau has remained behind the camera, but Miss Chauveau, probably made-up to do so, resembles her as she may have been at 15. La Moreau is hereby promoted to the forward ranks of French cineastes.

In contrast is Jacques Doillon's "La Femme Qui Pleure" (at the

Colisee, the Elysees Lincoln and the Gaumont Opera), an uninspired account of an abandoned wife who weeps over her misery for an hour and a half, while spectators repress the impulse to cry out, "Stop, stop, you're breaking my heart!"

What we have here is a case of pathological obsession baldly recorded on celluloid. Doillon has merely dramatized the subject; he has merely photographed it as he might the behavior of a mental patient. The deserted woman is a morose maniac and her ceaseless boo-hooing tries the nerves. Exposed to such ravings, even the layman's mind turns to first-aid possibilities. Tennis might be beneficial, or a reading from Laura Jean Libbey's shelf of uplifting novels — until the urgently required arrival of a psychiatrist.

Antoine Doinel was the name of the problem boy of "The 400 Blows," the initial success of Francois Truffaut. Doinel was played on that occasion by a child actor, Jean-Pierre Leaud. Truffaut in later movies has often returned to give us more news of his favorite intention, this Doinel, invariably personified by Leaud, who has now attained his 30s.

In Truffaut's latest chapter of Doinel's biography — "L'Amour en Fuite" (at the Colisee, the Lumiere and the Montparnasse Pathe) — Leaud is a married man with a little daughter. Due to his incessant philandering, he has wife trouble that leads to divorce. Released from the marital bond, he is free to frisk and takes up with some of his previous flames who welcome him, so to speak, with open arms.

This slight, light comedy of facile gallantry has the scent of a boulevard novelette, bouncing merrily and frequently funny, though it is not a particularly memorable sample of the genre. It is the sort of thing that Duvivier often did well and that Sacha Guitry did brilliantly. Truffaut as a cafe sophisticate is a bit uneasy — like a professor high on two beers and determined to be devilish. His dialogue and approach never quite strike the chord of suave insouciance to complete satisfaction. The raffishly cocked hat does not fit his head properly. He does not wear the foolscap and bells becomingly, and the strain is apparent. He is seen to better advantage in his appealing contemplations on childhood — "Small Change," "The Wild Child" and "The 400 Blows" — but "L'Amour en Fuite" has a sufficient number of diverting sequences.

Neither "The Fury" nor "Battlestar Galactica" is a remake, but both have a deja-vu aspect. Both rework familiar material in such an anticipatory fashion that even the most inattentive moviegoer is soon aware that he has paid twice for the same thing.

"The Fury" (at the Marignan-Concorde Pathe, the Elysees-Cinema and the UGC Odeon in English) revolves about one of those extraordinary children with weird psychic powers — this one among other peculiarities, having phosphorescent eyes. Needless to say, he soon falls into evil hands and his long-lost father tries to track him down and rescue him. The rest you must see for yourself, if the prospect intrigues you. Brian DePalma, the director of "The Phantom of the Paradise" and "Carrie," a spe-

#### On the Arts Agenda

Haydn's opera buffa "Il Mondo della Luna" is being done by the Lyons Opera in a new production staged by Louis Erlo and with sets and costumes by Christine Marest. Claire Gihault conducts and the cast is headed by Federico Davia, Colette Alliot-Lugaz, Michele Lagrange, Dieter Bundeub, Alberto Rinaldi and Ian Caley. Seven performances are scheduled through Feb. 2.

Pierre Boulez will conduct two concerts with the Orchestre de Paris Jan. 25 and 27 (8:30 p.m.) at the Theatre des Champs-Elysees, with the soprano Jessye Norman as the soloist in two works of Alban Berg, "Der Wein" and the "Altenberg Lieder." The program is completed by Schubert's Symphony No. 3 and Debussy's "Images."

The Opera du Rhin is presenting a new production of Wagner's "Das Rheingold" in the Palais de la Musique et des Congres in Strasbourg, with Alain Lombard conducting. Nicolas Joel staging and with sets and costumes by Pet Halmen. The cast is headed by Eva Randova as Fricka, Raimund Herinx as Wotan, Rudolf Constantin as Alberich, Remy Corazza as Mime and Naoko Ihara as Erda. The premiere was Jan. 19, and later performances are scheduled for Jan. 26 and 28.

cialist in the spooky, has staged the more eerie passages efficiently enough to send shivers down the spines of his customers, but these melodramas of the occult are reaching an inflation point.

"Battlestar Galactica" (at the Ambassade and the Cluny Palace in English) might be mistaken for a television adaptation of "Star Wars." Again in the far future the planets are at war, the warriors all talking in the idiom of "Three Men on a Horse." The bad guys of space have tried to trick the do-gooders of the realm by calling peace conferences before launching a surprise attack. Deadly rays in blinding hues flash across the screen to the accompaniment of more noise than would be heard in a disco on New Year's Eve. To augment the excitement, the chair-shaking device from "Earthquake" has been employed to jostle the audience. The jolting of the seats seems in no way futuristic. Rather, it is reminiscent of a rough ride on the Asbury Park scenic railroad.

By Naomi Barry

PARIS (IHT) — If Life follows Art, then Food follows Politics.

An observant eater can read behind the headlines by checking the seismography of the restaurant scene in the gastronomic capital of the world. Fouquet's, that cafe-restaurant landmark on the Champs-Elysees, gives an annual Prix Marco Polo that might be an appendix in a modern-history book.

The 1979 award focused on the best Far Eastern cuisine in Paris, a category in which restaurants have been proliferating like mushrooms after rain. For most of the contestants, Westward Ho was the order to survive. Once dined, they found that the fastest way back to solid ground was through a restaurant.

The three winners were a Chinese, a Vietnamese and a Filipino. No. 1 and No. 2 both hailed from Saigon.

The prize-giver, too, is a second-starter. Maurice Cazenova — owner of Fouquet's — is a *pied noir* from France's former colonies in North Africa who opened a *bistrot* in St. Germain-des-Prees and became the night club *caid* of the neighborhood before establishing himself on the Right Bank.

Cazenova's authoritative Prix Marco Polo went to Tong Yen, the first luxury Chinese restaurant in a city that in the early '60s still equated the Orient with cheap student restaurants in the Latin Quarter. Against everyone's advice, founder Paul Leung opened Tong Yen in a fashionable neighborhood, installed wall-to-wall carpeting, insisted on silver service from his help.

Leung, a banker before coming to France, was the Saigon branch

of a Cantonese family that, like the original Rothschilds, placed its sons in key cities. He understood the importance of hospitality, largesse, and excellent connections.

Good customers were offered a whiskey or a superb after-dinner cigar, and if the occasion warranted it, Leung would don his long, gray silk Mandarin gown. The clientele was a startling blend — people from the government, theater, titles past and present, press, business — that, for quality, uncomplainingly swallowed quality prices.

Tong Yen, for some years now under Leung's daughter Therese, who inherited her father's gift with people, continues along its original guideline.

Tan Dinh, the second-prize winner, is a tale along similar lines. The owners, the Vilians, were a wealthy Vietnamese family that set one of the best tables in Saigon. Paul Leung says that when he first met them 40 years ago, Vifian "was a papa's boy who didn't have to work at all."

To survive in Paris, however, they opened a small restaurant. Madame stood at the stove. Monsieur worked a double shift. At night, he served in the restaurant. By day, he worked in the offices of Citroen. He is now the vice director of the company's commercial services on the Champs-Elysees.

He still maintains that double shift, except that he has taken up tennis again and, to toast a friend, will occasionally unhook the rarest Bordeaux on the premises.

Son Robert, after receiving a university degree, replaced his mother in the kitchen because cuisine fascinates him.

The third-place laureate is Aux Iles Philippines. This outpost of the

islands is illuminated by the dazzling smiles which seem to be the birthright of most Filipinos. The view on a courtyard garden heightens the faraway atmosphere.

The menu is a table history of the Philippines — a melange of Spanish, Chinese, Malayan and American-influenced dishes. However, the outstanding item is strictly native and is being flown in directly from the Philippines: the Manila mango, an exquisite and opulent golden fruit that is prized all over the Orient.

The Manila mango made a first appearance in Europe two months ago when the owner of Iles Philippines, Nora Doza, placed it with Fauchon. Nora Doza represents the Asian woman striving for economic freedom. After studying on a scholarship at the Cornell Hotel School in the United States, she built up four restaurants in Manila. After marrying a Frenchman, she began to commute between Paris and the Philippines. She has five attractive children, loves to dance, loves to bake.

The Mandarin la Boetie is too new to have been judged in the Marco Polo contest. Mr. Tieu, the proprietor, was a *taipen* of the Chinese colony in Cambodia. When he made the long walk from Phnom Penh to Saigon, he traveled light.

In the hierarchy of have-nots, he and his wife were still privileged enough to get to Paris. Dispirited and almost destitute, Tieu bumped into his friend, Paul Leung. Premises were found and a Cantonese chef was engaged. Until recently, the Shanghai kitchen dominated Paris, but the more delicate cuisine of Canton is being introduced by the increased number of Chinese refugees from Cambodia and Viet-

nam who mainly are of Cantonese origin.

A family-style dinner at the Mandarin la Boetie suggested that there is no place like home. A whole fish, a *daurade royale*, had been steamed, crisped on both sides by a fast saute in the pan, and brushed with a restrained soy sauce pointed up with a bit of ginger and chives. Canton, which steam-cooks, is the epitome of *nouvelle cuisine*. Emerald broccoli, steamed but still crunchy, was napped with a foamy sauce flecked with the coral color of crab meat. The entire meal was light, subtle, and irresistible.

The Pan family, Khmers from Cambodia, owned the big Mekong jewelry firm in Phnom Penh and a 1,000-seat restaurant of the same name. They opened the Pagoda in Paris in 1971 with a Chinese chef because no worthy Cambodian cook was around. The Pagoda caught the public's attention when it served the duplicate of Chou En-lai's state dinner in Peking for then-President Richard Nixon. Youngest daughter Coleine said the family had learned the details of the menu when they read the report in the International Herald Tribune. An American newspaperman who attended both meals pronounced after the fifth *kom pai* that the Paris rendition compared favorably with the original.

Tong Yen, 1-his rue Jean-Mermoz, Paris 8. Tel. 323.04.23.

Tan Dinh, 60 rue de Verneuil, Paris 7. Tel. 544.04.84.

Aux Iles Philippines, 17 rue Laplace, Paris 5. Tel. 633.18.59. Evenings only. Closed Monday.

Mandarin la Boetie, 25 rue de la Boetie, Paris 8. Tel. 265.42.99. Pagoda, 50 rue Provence, Paris 9. Tel. 874.81.48. Closed Sunday.

## Lying Becomes a Matter Of Course at Harvard

By William M. Bulkeley

BOSTON (AP-DJ) — Gerald Thomchick got the highest grade in part of his Competitive Decision-Making course at Harvard Business School because "I was willing to lie to get a better score."

That's fine with Prof. Howard Raiffa, whose course is designed to teach budding businessmen to negotiate in the real world. Like it or not, Raiffa says, lying — or "strategic misrepresentation" — is sometimes resorted to in business negotiations.

Each week Raiffa and his students play a game. He pairs them off and assigns them roles in a negotiation. One week a big-city mayor and a police-union leader bargain over a contract. Another week, a plaintiff and an insurance company try to reach a settlement. Next time, one executive tries to buy a company from another. The students negotiate outside the classroom.

The mayor who held the police union to the smallest wage-and-benefit package gets the best grade among the mayors; whoever negotiated with him gets the worst grade among union leaders.

Students find that hiding certain facts, bluffing or even outright lying often gets them a better deal. But the idea isn't necessarily to teach them to lie. Rather, Raiffa says, it is to teach them they may be lied to. "I think they become much more aware," he says. "They're very naive when they start."

One-third of the course grade is based on success in the negotiating games. For ambitious, aggressive students, the pressure to win is intense, and the course evokes strong reactions. During one class discussion of a game, a woman burst into tears. She had discovered that the man she negotiated with, who had assured her that he opposed any misrepresentation, had lied blatantly. Another student, James Beers, who has worked as a negotiator for Arabian American Oil Co. in Saudi Arabia, said he found the students less reasonable than the people he dealt with in the business world.

It's a safe bet that students in the course will eventually get to practice what they learn. According to the school, 14 percent of its alumni are presidents or chief executives of their firms, and 19 percent of the top three officers of Fortune-500 companies are Harvard business graduates.

The school regards ethics as a "critically important" part of business education, according to Dean Currie, assistant dean for educational affairs. But teachers don't tell students that certain actions are right or wrong; they just try to make sure the students realize the ethical questions.

Raiffa doesn't tell his students how to negotiate in any particular game. The students develop their own strategies and methods as they go along. Part of the course is theoretical; students learn how to analyze competitive situations. But to Raiffa and most of his students, the actual negotiations are the heart of the course.

"You learn a lot about negotiating and a lot about yourself," says Dale Nicholls, a lawyer who put in a year as counsel to a congressional subcommittee before taking the course.

Raiffa says he structures the negotiations so that in early games, "the truth-teller is at an extreme disadvantage" against someone who lies or bluffs. Later, liars may lose a chance for a profitable settlement because their opponent is outraged and becomes more stubborn. "People have to learn to understand the nature of the game," Raiffa says, "and understand how they are vulnerable."

#### Surprised

Many students are surprised at the amount of lying. "Some people never misrepresent their position; others do it pathologically," Nicholls says. Another student, Priscilla Paff, a research assistant at Harvard before coming to the business school, says that attitudes toward lying changed during the semester. "There was a period when it seemed as if everyone was lying. It wasn't bluffing; it was outright lying," she says. "I did it too."

Miss Paff says the experience taught her that peer pressure can overcome personal ethics. Since she doesn't want to lie, she plans to avoid fields where she thinks dishonesty is commonplace.

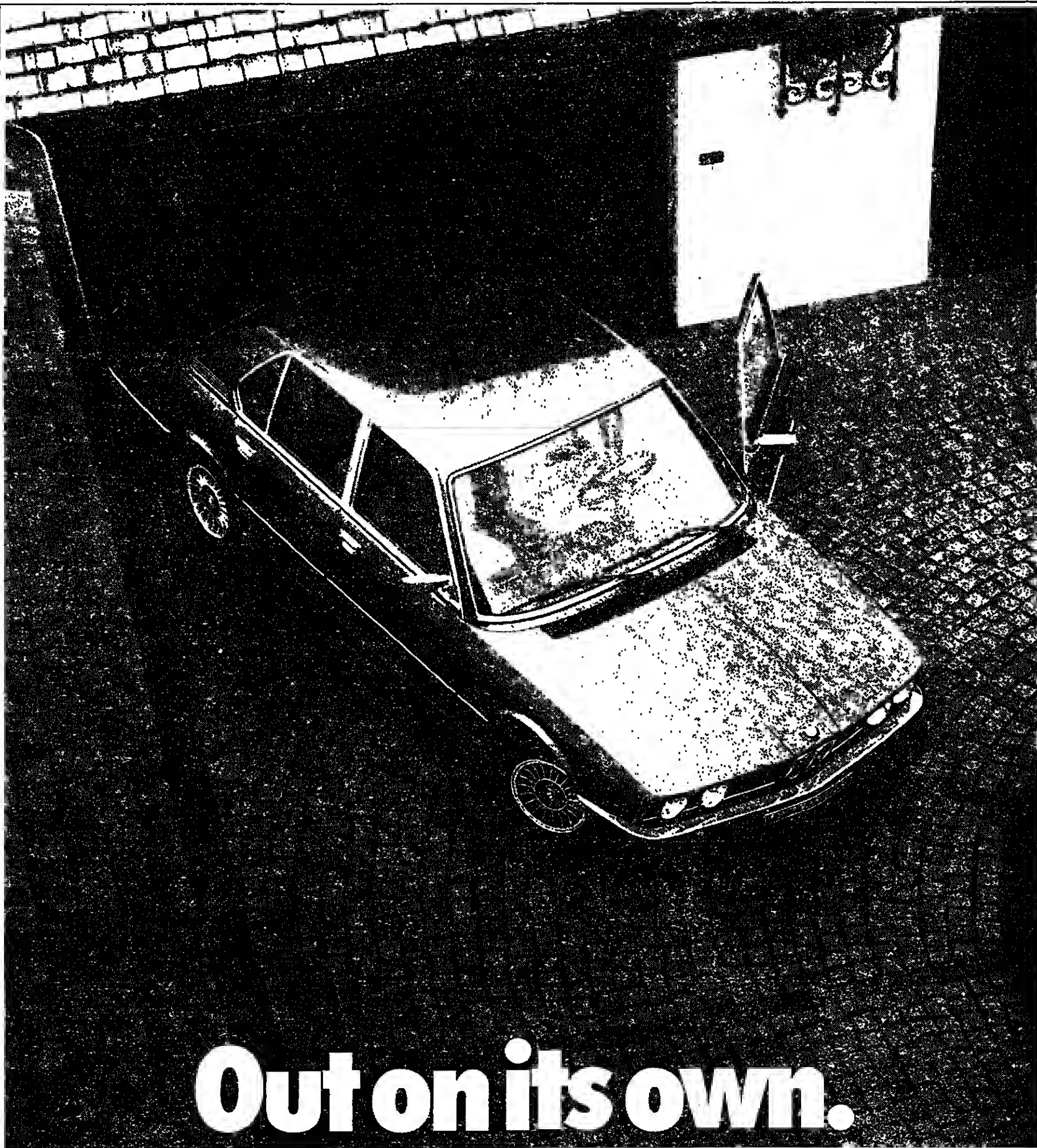
Mary Knowles, who worked for the National Park Service before entering the school, says she preserved her ethical standards but lost in several negotiations to people who lied. She went to Raiffa to discuss the course and her future in business. "I concluded there are businesses I'd better not go into," she says. "I'm unwilling to compromise my principles to the point of bald-faced lying."

Some students say that lying in the course is acceptable but that lying outside isn't. Most students, however, feel that the way they play the game does indicate what techniques they'll be using in their careers. "I think what you do here matters very much," Mrs. Knowles says. "If you do it in a game, you'd do it in real life."

Thomchick, the class's most successful negotiator and one of only 20 percent of the Harvard business students without work experience, says the morality question is irrelevant.

In the later stages of the course, lying is a more risky strategy because the games become more complicated. "Unless you're very sophisticated and have spent a great deal of time analyzing the situation," says Mark Canaan, a U.S. Marine Corps captain studying at the school, "you're as likely to hurt as help yourself."

The semester course lacks one bargaining alternative that per- haps promotes honesty in the business world: "In the classroom, who isn't an option not to play," says David Feeny, an Englishman who spent 14 years in industrial sales before coming here. "I suspect in the real world, people get a reputation for dishonest bargaining. In the real world, you can decide against doing business with them."



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## In Union There Is . . . ?

In the more than 60 years that have passed since the Bolsheviks took over Russia, the word "soviet" has passed from its original meaning (at least insofar as most non-Russians are concerned) to become simply a part of the national name, much as "United" was attached to the United States of America. But soviet means committee, and the Soviet Union sprang from fighting committees of workers, soldiers and farmers, just as the United States sprang from the uniting of 13 former colonies. And the fact that the word "soviet" was first used extensively in this connection when the Russian workers were rebelling in 1905 has always given a special quality to the actions of other labor groups.

It may be doubted, however, whether the kind of strikes that are again ravaging much-ravaged Britain is a prelude to a revolution in which the workers would take, as they did in the Soviet Union, a back seat in government, and allow a party to run their lives. Indeed it is a party — in fact, their own, the Labor Party — against which Britain's strikes are chiefly directed. Prime Minister Callaghan wants to check inflation by controlling wages and prices; the unions want inflation confined to their own wages. Much trouble has been and will continue to be visited upon Britain in this connection; the United States and France watch anxiously for similar symptoms.

Members of the British, U.S. and French

unions are clearly not the wretched of the earth toward whom "The Internationale" was directed. Nor have they produced any soviet to take formal part in government. But they are major powers in determining national economic conditions. When one considers the effect of the oil production strike on Iran, it is clear that today's workers can help shape their own and their nation's destiny. The question is how to fit that power into, rather than against, government.

The Communist states have largely done so by a use of police authority that goes down to the schoolroom and up to the highest circles of government. But even here there is uncertainty about worker activity, as Poland often demonstrates. And there are changes in the kind of worker, as advanced technology moves into factories, and unskilled labor becomes a drug on the market.

So if anyone is to carry on the labors of Smith, Marx and Keynes, they should probe deeper into what today's worker is, how he is organized and how that organization can be channeled into useful service, both in production and in worker goals, for society. In union there is strength, but strength for what, strength for whom? Globally, today's three worlds must be reconciled if there is to be peace and prosperity. But nationally the role of the unions must be adapted to the common need.

## A Very Cautious Budget

For an administration not always skillful in these matters, the Carter White House has managed the publication of its 1980 budget very shrewdly. All of the unpleasant tidings have long since been declared, hinted or leaked. The president telegraphed the basic restrictive position in his October speech on inflation. The internal dispute over the increase for defense rapidly became external. It's also been in the air for weeks that there might be a bit of tinkering with some of the social-benefits formulas. When the budget finally appeared on Monday, it was something of an anticlimax. There was no last-minute sleight-of-hand, in the manner of Lyndon Johnson, in which everything was magically (if perhaps only temporarily) resolved. As far as we can tell, there are no rabbits in Mr. Carter's hat. The budget turns out to be exactly as advertised.

The president's cuts are not so large or, except in a symbolic sense, so important as you might think from the shrieks of protest. The largest increases, where they exist, are in the largest of the present programs. The new initiatives, to use that traditional term, are minuscule. There has not been another president in the past generation who has been so cautious, or who felt himself so constrained, in using the budget as an instrument to set new policy. Like last year's, this budget signals no turns. The reason is the deep and painful ambivalence within the Democratic Party, and perhaps within Mr. Carter's own mind, over the money issues. Most people would like larger benefits. But most people also think that the deficit has to be worked down.

The quarrel over the increase for defense is already well advanced. But the more interesting quarrel, we suspect, will be the one over Social Security. The amounts of pension money actually under challenge in this budget are microscopic, but they are denounced by people who see them — not altogether inaccurately — as an attack on the principle that a benefit, once offered, must never be withdrawn or trimmed. With a steady rise in the proportion of the population over 65, even small changes now can have accelerating effects in coming years.

For defense, the president has asked an increase of about 3 percent over the expected inflation rate. It is worth noting that the increase for Social Security next year will be 5.5 percent over the inflation rate. The president's request for defense is \$114 billion, not counting the military pensions. The budget for Social Security is \$115 billion. The outlay next year for all federal pensions — Social Security, military personnel, retired federal workers and so on — is estimated at \$159 billion. The federal pensions are not only a much larger share of the budget than defense, but they are also rising much faster — not least because most federal pension benefits are automatically linked to the inflation rate.

Just about half of the federal budget now constitutes direct benefits to individual citizens. Some of it is payment for health services, such as Medicare. Some of it is food stamps. Most of it is cash — the monthly checks for pensions, unemployment compensation, welfare. Budget control will increasingly have to mean the review and, sometimes, the reduction of those benefits.

Mr. Carter's budget is, after all, only a first draft. Now it goes to a Congress that, over the past five years, has enormously expanded its capacity to impose coherent fiscal purposes of its own. The final version will be the budget resolution that Congress adopts next September.

Last January, Mr. Carter's original proposal for fiscal 1979 — the present year — called for a deficit of \$61 billion. Congress reduced that deficit to \$39 billion. Now, for the 1980 fiscal year beginning next October, Mr. Carter offers a \$29-billion deficit. If the economy should go into a recession, that figure will rise automatically — and ought to be permitted to do so. But if the economy's growth rate does not decline significantly over the coming six months, a deficit of even \$30 billion will be too high. Certainly no one in Congress is likely to forget that they are now working on the budget for the campaign year that ends just a few weeks before Election Day in 1980.

THE WASHINGTON POST.

### International Opinion

#### Carter and New Congress

In one sense Mr. Carter's position [with Congress] should be no more difficult, and it may be easier, than it was last year. Mr. Carter came to office as an opponent, at least in principle, of big government, and there is a widespread consensus that the mood of the United States and of the new Congress is more conservative than it was, as inflation has come to replace unemployment as the primary enemy of national prosperity.

On the other hand, the new Congress is a good deal less predictable than its predecessor. For one thing, there were a great many

upsets at the polls with the result that there is an unusually high proportion of new and unfamiliar faces in both the Senate and the House of Representatives. For another, the elections suggest that voting patterns in Congress may be even less closely linked to party membership than usual, with the influence of sectoral or regional interests playing a correspondingly bigger role. So, even if there is general assent to the principle of a tight budget, the argument over what spending should be cut, and by how much, is likely to call for extremely skillful lobbying by the White House.

— From the Financial Times (London).

### In the International Edition

#### Seventy-Five Years Ago

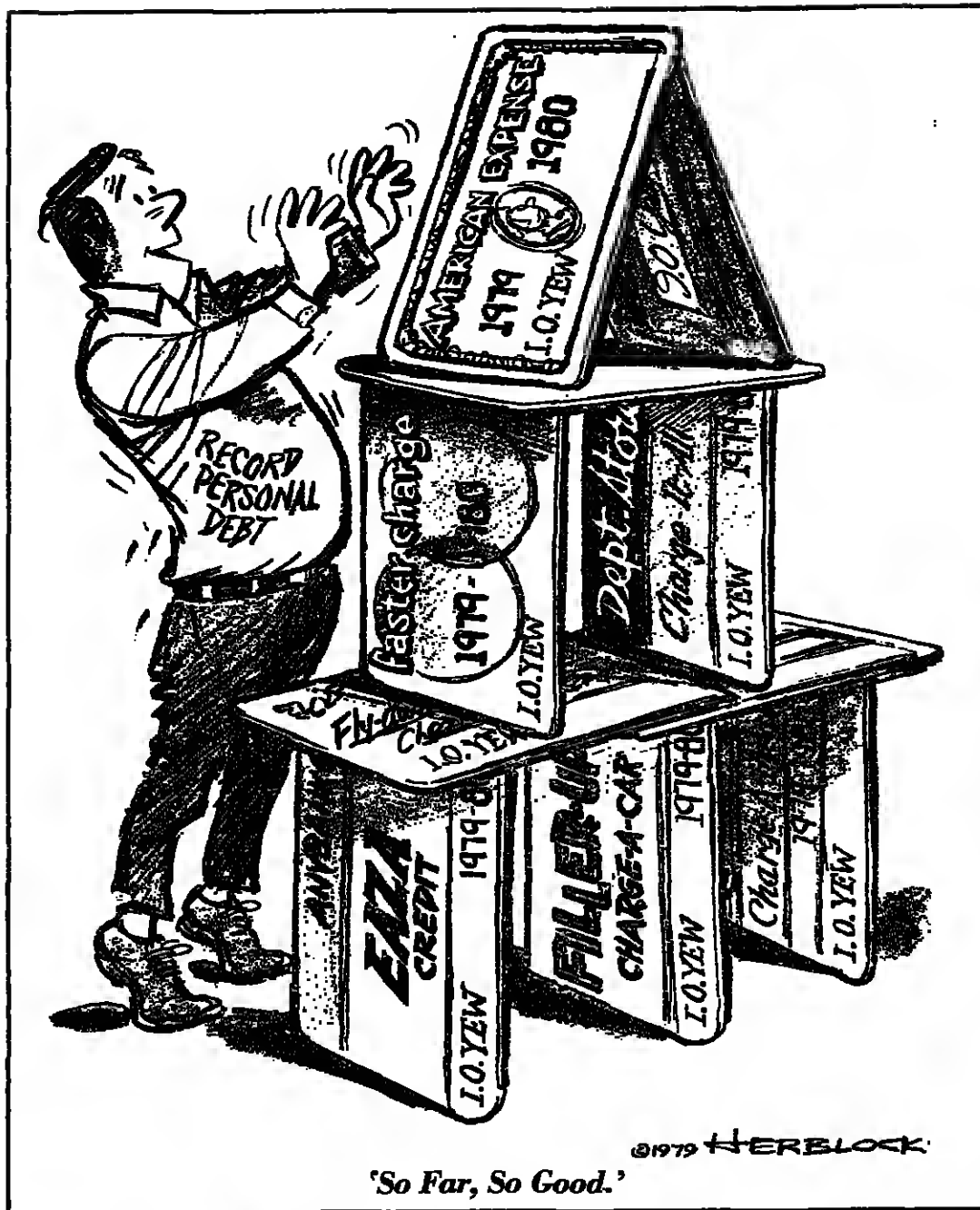
January 24, 1904

LONDON — An important application of recent research on the formation of ionized particles, such as those at the core of raindrops, has been announced. "There is no doubt," said a meteorological expert consulted yesterday, "that in the near future it will be possible to predict the weather with certainty. The time is not so far distant when we may abolish the term 'weather forecasts,' and substitute 'weather statements of fact.' And this will not involve prophecy, it will be the inevitable result of the research of enterprising scientists."

#### Fifty Years Ago

January 24, 1929

ALLAHABAD, India — Hundreds of students are on strike at Gujarat College in protest against the expulsion of students who missed examinations in order to go to Bombay for the arrival of the Simon Commission, which is studying the Montagu-Chelmsford reforms of 10 years ago. The dispute has assumed national importance since Gandhi, the Indian nationalist leader, exhorted the students to "remain firm." He advised them to occupy their "spare time while on strike" in manual work such as land cultivation and street cleaning. A nationwide student strike is considered.



## No End of Torment — I

By Anthony Lewis

SALISBURY, Rhodesia — The struggle for Rhodesia, with its implications for all of southern Africa, has entered a new phase — one of intensifying violence, disorder and human misery. Qualified observers here say two major developments in recent weeks mark the change:

(1) The externally based guerrillas have greatly stepped up their operations. They are successfully attacking important structural targets, such as bridges and the Salisbury oil storage depot. They effectively control large parts of the countryside. They are putting terrifying pressure on white farmers and their families.

(2) The internal black political leaders are turning to arms to wage their factional battles. Bishop Abel Muzorewa and the Rev. Sithole, members of the interim government, have both set up what amount to private armies. According to local estimates, they total about 3,000 men. There have been political kidnappings and murders.

### Signs of Pressure

The signs of guerrilla pressure are everywhere. Houses in the Salisbury suburbs have been under fire by mortars. From downtown Salisbury, I could hear distant booms in the early morning hours. No road in the country is safe after sundown. Traffic goes in military convoys at all hours on the main route to South Africa. The Rhodesia Herald carries columns of death notices and in memorial tributes to war victims.

Ian Smith, who has led Rhodesia's tiny white minority since it declared independence from Britain in 1965, all but admitted the other day that the government forces could not finally defeat the guerrillas.

He was addressing a meeting of whites in Umtali, in the eastern area, where the guerrillas are strongest. He had come to talk about the proposed new constitution for a multi-racial government. But the audience wanted to know what he was going to do to save their lives.

A woman stood up and said five members of her family had been killed. Smith said: "My heart goes out to you. I hope God will bless you."

### Pins on the Map

Another woman suggested "an all-out drive" to clean out the guerrillas "once and for all." Smith said he asked the army every day what it could do, but if you went into any operations room and saw the number of pins on the map, you would better understand what they are up against.

An elderly man appealed to him: "Please sir, come out and do something for these people before there is nobody left." Mr. Smith said he would if he could, but "there are areas throughout the country where this is happening." He said the idea of total victory was "moonshine" and "pie in the sky."

Mr. Smith's strategy is to hold an election on April 20, with all blacks allowed to vote for the first time, and then appeal to the West to back the new government. The trouble is that it will be impossible to hold the election in large parts of the country. Mr. Smith says he hopes the world will see it as a free and fair vote. I found no informed person who seriously thought it would be.

The growth of black political armies may be as significant a symptom of the old Rhodesia breaking down as the spread of the guerrillas. The private forces were at first officially described as former guerrillas won over to the Muzorewa or Sithole party, but that explanation is not really pressed any more. The general belief is that they are armed

goon squads enlisted from the large numbers of unemployed blacks.

Chief Jeremiah Chimau, the other African in the interim government, has denounced the private armies as devices by Muzorewa and Sithole to drum up support in tribal areas. A Catholic missionary, who came across an armed gang in the country, asked one of the men why they were there. He said: "We are teaching people to vote."

All along in Rhodesia there has been a fear that if the white minority's rule ever ended there would be another war — between the blacks. The signs are that it has begun. And, as feared, it is a struggle almost entirely along tribal lines.

Even African students and the educated elite tend, when asked, to say they are for a politician of their own tribe. The Shona-speaking group is numerically dominant in Rhodesia, so the tribal trend in politics seems to favor a Shona figure.

Bishop Muzorewa, or more likely now, Robert Mugabe, leader of the most active guerrilla force, Mugabe is the likely gainer because Bishop Muzorewa's association with the interim government has hurt him badly.

Making predictions about Rhodesia is risky. The whites have held out far longer than most people expected, and the white-led army remains very effective. The country looks deceptively calm and beautiful in the African summer, and Meikles Hotel in Salisbury still serves raspberries and cream.

But and outside who has made brief visits every few years since 1966 knows there is something different this time. The old arguments about constitutions and conferences and a return to British rule are essentially irrelevant now. Rhodesia is in a naked, brutal struggle for power.

## A Discriminating U.S. Budget

By Joseph Kraft

WASHINGTON — The big news about the budget is not that President Carter got the deficit below \$30 billion as promised. On the contrary, the 1980 budget shows with special force how unreliable the deficit is as a guide to policy.

But there are reliable guides to policy in the budget. They show that, given the problems of inflation and big government, the Carter administration is following a policy that affords no warrant for the ball-balloon being raised by the parties of more social spending. To be sure, the budget deficit does go below the target that the president, not very wisely, set for it last October. The projections are for receipts of \$503 billion, outlays of \$532 billion, and a deficit of \$29 billion.

But all those numbers are importantly tied to a series of economic forecasts. The president's advisers are projecting a steady advance slowly in the next two years without entering a recession or a steep inflation. They see gross national product going up by 2.2 percent this year, and by 3.2 percent in 1980. They see inflation dropping from 7 percent this year to 6.4 percent in 1980. They see unemployment dropping from 6.2 percent in both this year and 1980.

Equally good forecasts, however, vary considerably. Congressional experts, for example, see a recession this year with the gain in GNP dropping to 1 percent, and a slow recovery in 1980. They see inflation cooking along at around 8 percent. These estimates yield a far higher budgetary deficit — roughly \$50 billion for 1980.

But that only means that the deficit is not, as many claim, an independent tool of policy. On the contrary, it is highly vulnerable to the ups and downs of the economy. Inflation yields higher corporate taxes and bigger receipts. Depression means much bigger outlays for such things as unemployment compensation and Social Security.

So the budget deficit is not a mover and shaker of events, it is much more a mirror and a shaker. It offers a relatively poor measure of the direction of the budget. A better measure by far is the level of spending in successive budgets. In the new budget, the level of spending will rise, as against last year's budget, by 7.7 percent. That is lower than every rise in the past seven years, where the average was an increase of about 12 percent annually.

A still better measure — a measure that eliminates the ups and downs of the economy — is the high employment deficit. That is the deficit that would exist with unemployment at around 5 percent. A program-by-program analysis, though well beyond the scope of a column, yields the same impression. For example, Title II of the act establishing a public service employment program makes money available for the training of persons who have been unemployed over a long period and who work at low-paid tasks — the so-called structurally unemployed. That program is fully funded at \$2.4 billion for 267,000 jobs in the 1980 budget, as it was this year's budget.

Title VI of the same act provides assistance to higher-paid workers, who are temporarily unemployed because of the ups and downs of the job market. That program will be cut by 100,000 jobs in 1980 at a saving of about \$1 billion. Similarly in the field of elementary and secondary education, cuts are proposed for aid to students, many of them in middle-class areas, where a federal installation has driven up costs. But aid to areas

## Ken Pottinger

### From Lisbon:

[The government] justified [its] decision to stop subsidizing the Communist-leaning evening paper with the remark: "Why should we pay to be insulted?"

LISBON — Then it was a brief and bloodless battle but now it has all the makings of a more sanguine affair. "Then" was immediate post-revolution Portugal, when the media was literally seized by the left to spread its ideologies. "Now" is pre-conservative Portugal where Carlos Mota Pinto's reformist government is taking potshots at what it claims are still leftist dominated sectors of the media.

After the 1974 coup, the systematic takeover by leftists of press, radio and television, and the subsequent nationalizations in the sector were part of the drive to spread the period's dominant Marxist ideology. The counteroffensive, now mounted by the most conservative government in four years, is being hailed in leftist circles as the return of reaction, and as one more nail in the revolution's coffin.

The newsrooms of the nation, allegedly still dominated by ideologues instead of impartial professionals, have jumped swiftly into the fray. A cry of witch-hunt is heard. Both the powerful Communist party and the Socialist-led journalist's union have warned of a serious threat to press freedoms. And a fortuitous journalist's pay dispute has meant that work stoppages are bringing coincidental pressures to bear on the scene.

### Purge

Behind all the rhetoric lies the obvious leftist fear that with the power tables turned, the weapons in the army can also be pointed against their former users.

The government is not yet admitting this possibility; although it doesn't deny a media purge is underway. The spark which set the present fire was struck by government Information Minister Daniel Proenca de Carvalho. The tough former editor of a conservative privately-owned daily moved in with a hatchet and at a speed which left people, accustomed to the more sluggish pace of earlier administrations, gasping. He fired the state radio's board of governors, ditched its leftist charter and an ineffective Socialist deputy who was radio program director, then cut off further

state aid to a Communist-leaning evening paper. The minister is not expected to stop there in a sector which is variously estimated at having cost the state between 1 and 3 billion escudos (\$21 million and \$63 million) in subsidies since 1975. The yardstick the government is applying in its cleanup are — an end to discrimination, a curb on wasteful spending and the safeguarding of freedoms and independence.

### Structures

And in doing so, it seems to have taken to heart recent structures from the privately owned press — the only part of the media where some papers show a profit. As Francisco Balsemão, editor of and shareholder in one of these — a respected weekly — said "We don't see why the state should own the printed media. Governments of other Western nations don't and it makes the watchdog task of the press complicated."

This watchdog principle of course is the guiding one upon which the Western media stakes its claim to existence and it is a function jealously guarded by most newsmen. Thus it was perhaps unfortunate that Information Minister de Carvalho justified his decision to stop subsidizing the Communist-leaning evening paper with the remark: "Why should we pay to be insulted?"

He was on more logical ground with his vindication for moving against the national radio. It had, he claimed, been operating on a Communist-drafted charter dating from the Marxist heyday of 1975, had been losing listeners steadily and had run up a 700 million escudo budget deficit.

### Excesses

Though the line between rectifying revolutionary excesses and impinging on sensitive media freedoms is thin, it does need defining. For there is little doubt that Portugal's chaotic press, radio and television world needs cleaning up.

It is remarkable how slow the pace of qualitative and quantitative change in the country's media has been. Given the repressive censorship of the 50-year-old dictatorship, the licence and indiscipline which seized the media once the lid was lifted, was understandable. Less excusable is the difficulty journalists still find in putting aside their own political views and reporting objectively.

### Amateurs

Too many newspapers, radio and TV programs retain an amateurishness and partisanship which by now should be disappearing. The problem was perhaps summed up by a Lisbon editor who said to me recently: "Four years after the revolution, I continue to find it necessary to ask at least one member of my staff to get both sides of the story before he writes."

To be fair it must be said that there have been improvements and there are outstanding exceptions. But more time seems destined to pass before the Portuguese get the sort of professionally-handled information they are entitled to from all sources.

Meanwhile, in the short term it looks as though the media have been selected as the battleground in the growing ideological clash between Socialism and conservatism here. It is to be hoped that the casualty list does not include a professional press.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.



**Venezuela: Economic Star Losing Shine**

By Joseph A. Mann Jr.

CARACAS, Jan. 23 (NYT) — Venezuela, once Latin America's brightest economic star because of its enormous income from petroleum, closed its books for 1978 with its balance-of-payments deficit in history, a growing foreign debt, a downward trend in oil revenues and increasing dependence on imported goods and services.

Preliminary year-end figures released by the central bank put the overall balance-of-payments deficit at \$1.7 billion, with a deficit on current account, which includes trade in merchandise and services, of more than \$6.1 billion. Exports in 1978, of which petroleum accounted for 94.6 percent, stood at \$8.94 billion, down 7.5 percent from the year-earlier level, while imports rose about 20 percent to a record \$11.89 billion. About half of its imports come from the United States, to which it exports most of its petroleum.

The government's income from the nationalized petroleum industry, the most important source of foreign exchange, fell to \$5.65 billion last year from \$6.3 billion a year earlier. Although petroleum exports were down slightly, the state oil monopoly, Petros de Venezuela, suffered a 35-percent drop in earnings to \$1.18 billion on sales of \$9 billion. The company, which pays taxes and royalties to the government, has encountered lower prices for its exports, difficult market conditions and increased expenses.

Overall government spending in 1978 reached a record \$11.9 billion, including a major budget deficit covered through heavy borrowing abroad. Foreign reserves on Dec. 31 stood at \$6.44 billion, down 21 percent from a year earlier.

Both the reserves and payments figures

**Debt Burden Rises; Oil-Income Drops**

would have been even worse had it not been for heavy overseas borrowings — by the government and state-run agencies — done primarily to pay for a variety of development programs in sectors such as steel, aluminum, electricity, transportation and agriculture.

As a result, the foreign debt at the end of the year was estimated at \$7.7 billion, up 57.3 percent from a year before. Totals for government agencies were not released by the central bank, but commercial bankers say they also were heavy.

Nonetheless, the oil industry plans to spend some \$40 billion over the next 10 or 12 years for exploration and improvements in production, refining and transportation.

The cost of living in the Caracas area rose 6.8 percent in the first nine months of 1978 as wholesale prices climbed 8.2 percent. But private analysts estimate that inflation here is actually running about twice as high as these official figures indicate.

Government spokesmen say that the balance-of-payments problem is a "transitory phenomenon while Venezuela brings in a lot of capital goods for development projects. They also say that foreign reserves would be higher if offshore funds held by Petros de Venezuela and the state-owned Venezuelan Investment Fund were included. Under present bookkeeping procedures, they are not.

Since 1974, President Carlos Andres Perez has spent billions of dollars on public works, heavy industry, agriculture and social services in an ambitious development program aimed

at overcoming widespread poverty and reducing the nation's dependence on petroleum and shortages of manpower, food and materials for industry. However, despite government spending of \$6 billion on agriculture over the last five years, for example, food imports have skyrocketed and shortages have been frequent.

Businessmen in a variety of industries complain that they are losing money and that the government has ignored pleas to allow realistic prices, which are controlled. The private sector in general accuses the government of spending carelessly and offering a confusing combination of controls and incentives.

Luis Herrera Campins, who won the presidential election Dec. 3 after having accused the incumbent administration of spending oil revenues inefficiently, will take over March 12. Commenting on prospects for the incoming government, one U.S. businessman said: "The Herrera administration will have to tighten its belt and convince business that the investment climate has gotten better. They can't continue to give the impression that the government will meddle and improvise every time a problem comes up."

**Oil Production Up**

CARACAS, Jan. 23 (AP-DJ) — Oil production has increased so far this year, the Energy and Mines Ministry reported today. Through Jan. 17, average daily production for the year was 2.24 million barrels daily (MBD), an increase of 34,000 barrels a day from the previous week and 23.6 percent higher than output at this time last year.

The government has established a maximum target of 2.2 MBD as a production average for the full year.

**China Faces Shortfall in Capital Need****\$200-Billion Gap Hindering Growth**

TOKYO, Jan. 23 (NYT) — China is about \$200 billion short of the capital it will need to meet the goals of its present 10-year plan which ends in 1985, according to a report soon to be published here.

The report, by the Japan Economic Research Institute, says China's capital shortage in the plan period is about twice as high as previous Japanese estimates.

It implies that China will be totally unable to meet its plans for laying the foundation of a modern industrial state by 1985 unless it receives massive injections of capital from overseas, mainly from the United States, Japan and Western Europe.

The appearance of the study, scheduled for next month, coincides with a visit to China by the chairman of The Japan Economic Research Center, Saburo Okita, who is shortly to leave for China at the request of the Chinese government in what is believed to be the first time that China has turned to a foreign adviser for help on planning its massive economy.

Mr. Okita seems certain to advise the Chinese that they have no alternative to accepting huge amounts of foreign finance if they want to achieve their growth-rate target of about 8 percent up to the mid-1980's.

Japanese economists believe \$200 billion is an extremely high figure and a sign that, if the latest calculations are right, China will almost certainly not be able to meet its growth and investment targets up to the mid-1980's, even if capital pours into China on a big scale for the first time since the revolution in 1949.

**CFTC Seeks Identity Of Traders Overseas**

NEW YORK, Jan. 23 (AP-DJ) — The Commodity Futures Trading Commission is seeking access to the identity of foreign traders who hide their names through overseas brokers and banks while dealing in U.S. futures markets.

The agency, which supervises futures trading, wants to protect market participants from sudden spurts of activity that can move prices unduly. The commission reasons that by pinpointing who is doing the business, it can better monitor markets and move more quickly to deal with potential market manipulation.

The commission's current concern is with traders in coffee-growing countries who use futures markets to try to support world coffee prices. Major growing nations have announced a \$140 million fund to support coffee prices.

However, any action by the commission "would principally affect the coffee, cocoa and sugar markets, where the bulk of [overseas-originated] trading takes place," noted John Connehy, director of the commodity division of Merrill Lynch. Overseas accounts generate 20-to-35 percent of U.S. commodity brokers' business, industry sources estimate.

The commission recently made a special call for information on the names of holders of coffee contracts on the New York Coffee & Sugar Exchange and found that 35.7 percent of the long, or buying, interest was held by traders in coffee-producing nations. Those traders also held 11.1 percent of the short, or selling, interest. These figures do not include participation in the coffee market by overseas traders who live in countries that do not grow coffee.

The commission has tried to force a Swiss commodity brokerage firm, Wiscope of Lausanne, to disclose the names of its clients in the New York coffee market. Wiscope,

which is thought to be a vehicle used by coffee-producing nations to trade futures, declined to disclose the names citing Swiss secrecy laws. An administrative law judge ruled Wiscope had violated the commission's regulations and recommended the firm be barred from trading. No action has yet been taken.

The commission would like the names of all foreign clients of U.S. brokers to be available for inspection, but it may have as much trouble as other U.S. agencies in enforcing U.S. rules abroad, industry sources say.

**GE Proposes Shipping Power**

SCHENECTADY, N.Y., Jan. 23 (AP-DJ) — General Electric engineers have proposed a "chemical-beat pipeline" in ship energy from large, remote power plants to inner cities and industrial sites.

The pipeline would use heat from a central power plant to force a chemical reaction between two or more compounds to create new chemicals which could then be piped as far as 200 miles in an industrial site or an inner-city electric generating plant. There, a second chemical reaction would be triggered to release heat for industry or to produce steam for generating electricity.

Preliminary studies indicate that the heat pipelines, which GE engineers said are in the "conceptual" stage, offer an alternative for utilities that generate electricity, since they could eliminate the need to burn oil or coal or operate a nuclear plant near big cities.

**NYSE Gains But Below Day's Highs****Factory Orders Slip For Durable Goods**

NEW YORK, Jan. 23 (Reuters) — A warm reception for President Carter's budget, some hopeful developments on interest rates and a firmer dollar lifted New York Stock Exchange prices today in moderate trading.

The Dow Jones industrial average rose 8.32 to \$46.85 while advancing issues led declines 921 to 525. Volume rose to 30.25 million shares from 24.39 million yesterday.

Noting the rate on Citicorp's commercial paper at its weekly auction was 10.378 percent, its fourth straight decline, one analyst said this, plus a stronger dollar and the good reception New York City's notes got yesterday had encouraged a number of investors.

A late pullback reflected caution ahead of the State of the Union address by President Carter later today, analysts said.

**Orders Off 0.1%**

Late in the session, the Commerce Department reported that new factory orders for durable goods slipped 0.1 percent in December to \$76.55 billion and follows a 0.4-percent decline the previous month. The biggest declines came in the transportation equipment industry, down 6.6 percent, and the machinery industry, off 2.3 percent. These drops were partially offset by a 6.5-percent rise in primary metals and sizable gains in fabricated metals, stone, clay and glass industries, the department said.

However, the non-defense capital goods sector slid 1.4 percent after a 7.4-percent drop in November. The department said shipments of durable goods last month rose 0.6 percent to \$72.1 billion while the backlog of unfilled orders climbed 2 percent to \$229.8 billion.

In other developments, WUI Inc. directors approved its merger into Xerox in exchange for Xerox common stock subject to a definitive agreement satisfactory to WUI's board and approval of regulatory agencies.

Mead Corp. said it filed a motion in federal district court here asking that Occidental Petroleum pay the legal expenses Mead incurred while fighting Occidental's abandoned takeover bid for the diversified forest products concern.

Gardner-Denver gained 1% to 39 1/2 after reporting it agreed to merge with Cooper Industries at \$33 a share. Cooper slipped 3/4 to 47 1/2. Stone Container slipped 3/4 to 22 1/2. Boise Cascade, unchanged at 29 1/2, will buy Stone for \$26.50 a share.

American Stock Exchange prices were higher with the market-value index up 0.46 to 161.08.

On the Chicago Board of Trade, soybean and grain futures prices moved in a narrow range in light trading before closing slightly higher. There was little major news to set any trend but conflicting weather reports from Brazil's soybean growing area turned early losses to a moderate gain.

**GNP Growth Seen Below Japan's Aim**

TOKYO, Jan. 23 (AP-DJ)

— Government predictions of annual economic growth of more than 6 percent for the next few years are so optimistic, analysts at Japan's official Federation of Economic Organizations, the Keidanren, said today.

The Keidanren projected annual growth rates in gross national product of 5 percent for the next few years, followed by 6 percent thereafter. This conflicts with government projections of a 6.3-percent growth rate for 1979, decreasing in later years.

Both government and Keidanren figures fall below the 7-percent annual GNP growth that Western industrialized nations have asked Japan to maintain to attract imports.

A recent statement by Premier Masayoshi Ohira, that Japan will not be extremely difficult to reach a 7-percent target promised by former Premier Takeo Fukuda, has drawn criticism from abroad.

The Keidanren cited five reasons for sluggish growth, ranging from rigid fiscal, tax and administrative policies to environmental restrictions and a complex distribution system. The projections cover a five-year period, the last half of which, the document stated, would be a slight improvement.

**British Jobless Rate Up at 5.6%**

LONDON, Jan. 23 (Reuters)

— Unemployment rose 18,500 to 139 million persons in mid-January, seasonally adjusted, and extending school leavers, representing 5.6 percent of the workforce compared with 5.5 percent a year earlier, the Employment Department reported today.

Vacancies rose 4,700 to 235,900 usually adjusted. The main factor behind the unemployment rise is the unusually severe winter weather, rather than Britain's current industrial dispute as the figures were collected on Jan. 11, department officials said. They noted, so, that 22,000 fewer people were kept off unemployment registers by government employment assistance measures.

The unadjusted U.K. unemployment total rose 91,000 to 1,455 million, the second highest January since 1945 but still lower a year ago.

**THE CONTINENTAL CORPORATION****INCREASED DIVIDEND**

The board of directors has declared a quarterly common stock dividend of 50 cents a share, up from the previous rate of 42 1/2 cents. A dividend of 62 1/2 cents a share on the \$2.50 cumulative convertible preferred stock, Series A & B, was also declared. Both dividends, common and preferred, are payable March 15, 1979, to shareholders of record at the close of business on February 23, 1979.

The Continental Corporation, a major diversified financial company, has paid cash dividends continuously since 1853.

William F. Gleason, Jr., Vice President, Secretary and Counsel

**To Cut Costs by Up to 20%****Bonn Joins Shipyard-Subsidy Race**

By John Geddes

BONN, Jan. 23 (NYT) — The West German government has unveiled a plan to increase aid to domestic shipbuilders.

The three-year aid package, valued at \$348 million, includes \$354 million in building subsidies that will cut the average cost of German-built ships by as much as 20 percent.

Until now, Chancellor Helmut Schmidt's government had resisted such direct subsidies as protectionist, but a critical slump in orders prompted the measures. "I'd like to see the shipbuilding industry that doesn't give financial help to its industry," Mr. Schmidt said.

The "face-of-subsidies" by European governments has accelerated rapidly in recent months, spurred by a decline in new ship orders and increasing competition from developing and Communist nations.

**Bonn Forecasts Narrowing in Trade Surplus**

BONN, Jan. 23 (AP-DJ) — West Germany anticipates a slight contraction in its trade surplus this year to between 30-to-33 billion Deutsche marks from an estimated 1978 surplus of 35 billion DM and compared with a surplus of 28.6 billion DM in 1977, the government said today in its annual economic report.

The report, formally presented at a press conference today, noted that 1978 trade results exceeded the surplus projection of between 26-to-28 billion DM contained in the year-earlier report.

The government also expects wages to rise an average 6 percent in 1979 as compared with an average 5.5-percent increase last year while corporate incomes and revenues from financial investments would probably rise between 9 and 11 percent as compared with a 1978 rise of about 10.5 percent.

Overall capacity utilization could possibly increase one percentage point this year so that it would be about 3.5 percent above levels reached in the 1975 recession year, the report said.

The report also confirmed general expectations of an accelerated growth in West Germany for the year as sources yesterday had disclosed (NYT, Jan. 23).

The Swedish parliament will decide by late March on a government takeover of Kockums, the country's last private shipbuilder. The government's plan of low-interest credits and interest-free loans would mean that a Swedish company ordering a new ship from Swedish yards would have to put up only 5 percent of a new vessel's price.

The French government is shortly expected to announce a substantial rescue package for its shipbuilding industry that will involve a refinancing of yards in return for streamlining production and capacity cuts. Currently, subsidies to French builders enable price cuts of 15-to-20 percent below contract costs on new ships.

Britain has proposed a \$170-million fund for its nationalized shipbuilding industry, to complement a similar \$130-million fund in 1978, which would enable price cuts of about 20 percent below cost on new U.K. ships. But EEC authorities, worried by growing subsidies, have challenged the legality of the U.K. proposal.

"Certainly this subsidization race plays a role" in the German decision to aid the shipping industry, Mr. Schmidt told a news conference. "But we're being careful not to increase the speed of the spiral by what we do and we're remaining inside the EEC guidelines," he said. The West German program must still be approved by the parliament and the EEC, but is not expected to encounter any major difficulties. The Schmidt government, opposed to such aid this summer, changed its stance partly because of the threat to its industry and the political ramifications in northern Germany.

German shipyards, and those in other industrialized countries, have been caught in a squeeze. The effects of a slump in shipbuilding demand following a reduction in oil shipments after the 1973 price increase and the end of demand for ships following the Vietnam war have been intensified by new competition.

Developing countries and Communist nations have increased their production and, aided by low wages, are expected to capture

about 30 percent of the world market by the 1980's. Exacerbating Germany's problems has been the 30-percent rise of the mark against the dollar since 1976.

According to the West German Shipbuilders Association, builders' backlog here fell 68 percent at the end of October last year from the year-earlier level, while order books worldwide fell only 33 percent. Capacity utilization in the industry ran at about 50 percent and the group predicted that, without government support, it would fall to 33 percent in 1979.

Adding to the political pressure was the threat that 8,000 employees would be laid off by 1980. Such cutbacks would come on the heels of a 21.6-percent drop in the shipbuilding work force over the last two years to the current 58,341-worker level.

However, Chancellor Schmidt said that the prime cause of contraction in the established shipbuilding industry was the emergence of developing lands as major competitors. He likened the situation to that in the textile industry, where industrialized lands must restructure their industry away from labor-intensive production. But he also defended the aid as necessary for a successful restructuring. "You can't have structural changes occurring overnight," he said. "You have to give them help, such as state aid, for the changes to occur gradually."

**Fiat Reorganizes Top Management**

TURIN, Jan. 23 (AP-DJ)

— Fiat chairman Giovanni Agnelli shifted more responsibility to his younger brother Umberto today as the automaker reorganized its management.

Umberto, 44, corporate vice chairman, was given the additional post of managing director and named chief of a three-man management committee that will oversee Fiat's day-to-day operations.

Long-range strategy will still fall under control of the executive committee, of which 57-year-old Giovanni is chairman. But the management group will handle an increased share of basic decisions about financing, marketing, and production policy.

Fiat also announced that group turnover rose 12.8 percent to 12.9 trillion lire (about \$15.5 billion) in 1978 and reported it was able "to preserve the overall profit balance" during the year. In 1977, the group reported net earnings of 63 billion lire on turnover of 11.4 trillion lire.

**Interest Rates Raised On D-Mark Bond**

FRANKFURT, Jan. 23 (Reuters)

— The coupon on Eurofima's 100-million Deutsche mark, 10-year Eurobond has been increased to 6 1/2 percent from 6 1/4 percent initially indicated, market sources reported today.

Pricing is now expected at par, against the 99 1/2 earlier indicated. Market sources said the decision was no surprise since, with interest rates rising on both the domestic and international DM-bonds, the Eurofima issue was being quoted on a when-issued basis at a discount of 2-to-2 1/2 points yesterday, narrowing to 1 1/4-to-2 points this morning.

Meanwhile, the Bundesbank announced that it was raising the interest rate on one-year Treasury notes to 4.05 from 3.85 percent and on two-year paper to 4.85 from 4.65 percent, effective Jan. 26. The effective yield on one-year notes would go up to 4.23 from 4 percent and on the two-year notes, it will rise to 5.23 from 5 percent.

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(Continued on Page 9)







| Northwest Bancorp |        |       |
|-------------------|--------|-------|
| Per Share         | 1.29   |       |
| 4th Quarter       |        |       |
| Oper. Net         | 23.62  | 21.4  |
| Per Share         | 0.92   | 0.8   |
| Net Income        | 22.47  | 21.0  |
| Per Share         | 0.87   | 0.8   |
| Year              |        |       |
| Oper. Net         | 93.95  | 77.0  |
| Per Share         | 3.65   | 3.0   |
| Net Income        | 91.62  | 76.2  |
| Per Share         | 3.56   | 2.9   |
| Robt & Haas       |        |       |
| 4th Quarter       |        |       |
| Revenue           | 309.00 | 267.4 |
| Profits           | 13.00  | 6.1   |
| Per Share         | 1.01   | 0.49  |
| Year              |        |       |
| Revenue           | 1,250  | 1,121 |
| Profits           | 55.30  | 38.71 |
| Per Share         | 4.30   | 3.00  |



| 12 Month Stock                    |     |        |      |     |   | C/P's Prev           |     |     |     |     |     | 12 Month Stock                    |     |         |    |    |     | C/P's Prev           |     |     |    |         |    |     |    |    |    |    |     |     |     |     |
|-----------------------------------|-----|--------|------|-----|---|----------------------|-----|-----|-----|-----|-----|-----------------------------------|-----|---------|----|----|-----|----------------------|-----|-----|----|---------|----|-----|----|----|----|----|-----|-----|-----|-----|
| High Low Div. in % Yld. P/E 100s. |     |        |      |     |   | High Low Quot. Close |     |     |     |     |     | High Low Div. in % Yld. P/E 100s. |     |         |    |    |     | High Low Quot. Close |     |     |    |         |    |     |    |    |    |    |     |     |     |     |
| (Continued from Page 10)          |     |        |      |     |   |                      |     |     |     |     |     |                                   |     |         |    |    |     |                      |     |     |    |         |    |     |    |    |    |    |     |     |     |     |
| 28%                               | 12% | Crompl | 1.40 | 5.0 | 5 | 78                   | 27% | 26% | 37% | 23% | +2% | 36                                | 19% | Ducumil | 12 | 34 | 23% | 23%                  | -1% | 91% | 3% | F&F Int | 13 | 2.6 | 10 | 4% | 4% | 4% | +4% | +4% | +4% | +4% |
| 28%                               | 12% | Crown  | 1.40 | 2.0 | 5 | 78                   | 27% | 26% | 37% | 23% | +2% | 36                                | 19% | Ducumil | 12 | 34 | 23% | 23%                  | -1% | 91% | 3% | F&F Int | 13 | 2.6 | 10 | 4% | 4% | 4% | +4% | +4% | +4% | +4% |
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